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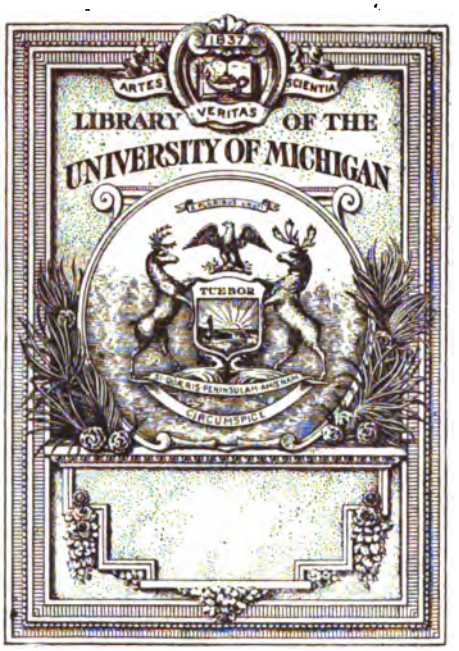
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MODERN BOOKKEEPING
ACCOUNTING
AND
BUSINESS PRACTICE

A Book Containing a Thorough and Practical Course in Modern Methods of Bookkeeping and Accounting, Illustrating the Best Business Practice. Prepared for the Use of Students Attending Business Colleges, High Schools, Normal Schools, Academies, and the Higher Grades of Public and Private Schools.

BY

S. IRVING STRAYER

AND

H. WINFIELD WRIGHT, LL.B., C.P.A.

Member of Pennsylvania Institute of Certified Public Accountants, The American Institute of Accountants, and American Association of University Instructors in Accounting.

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S. IRVING STRAYER

Modern Bookkeeping, Accounting and Business Practice.

This book contains a carefully graded series of lessons in Bookkeeping, Accounting and Business Practice. The lessons are made so plain and are illustrated so fully that even a child can understand them. Any person of average intelligence, without any previous knowledge of Bookkeeping can become a fully competent double entry bookkeeper by mastering these lessons, provided he is proficient in Arithmetic and Penmanship or makes himself proficient in these subjects.

In order that the student may easily and quickly acquire a practical working knowledge of Double Entry Bookkeeping, he is taught the principles in the following order:

First. How to keep the Cash Book;—when to debit cash, when to credit cash, what explanations to use; how to balance cash daily, how to open and keep a bank account, and how to reconcile the bank balance.

Second. When to debit and when to credit Personal accounts, Property accounts, Expense accounts, and the principle of Double Entry Bookkeeping.

Third. How to keep the Journal; what to enter in the Journal and what in the Cash Book; how to Post; how to take a Trial Balance; the proper forms of Bills or Invoices and Statements; the importance of Collections and how to make them.

Fourth. How to Open a New Set of Books and how to keep Stock accounts.

Fifth. How to keep Private accounts; the Loss and Gain account; how to make up a Six Column Statement; and how to Close a Set of Books.

Sixth. About Notes and Drafts; how to keep a Bills Receivable account and a Bills Payable account; how to keep the Bill Book; how to keep an Interest and Discount account.

Seventh. About the indexing of the Ledger, the arrangement of accounts in the Ledger, the use of a General Ledger, a Sales Ledger and a Purchase Ledger.

Eighth. About the use of Columnar Books; the use of a Sales Book, an Invoice Book, and a Petty Cash Book.

Ninth. About the subdivision of the Merchandise account;—the Merchandise Purchases account; the Cash Discount on Purchases account; the Purchases Returned account; the Freight Inward account; the Merchandise Sales account; the Cash Discount on Sales account; the Sales Returned account and the Freight Outward account.

Tenth. About Partnerships, Leases, and Fire Insurance.

Eleventh. How to keep Controlling accounts; how to use the Bill Book as a book of original entry.

Twelfth. How to keep books by Single Entry and how to change books from Single Entry to Double Entry.

Thirteenth. How to do bookkeeping for a Commission business; about Shipments and Consignments; the use of the Receiving Book, the Consignment Ledger, the Customers Ledger, the General Ledger, and the Account Sales.

Fourteenth. Corporation bookkeeping; Capital Stock account; Unissued Stock account; Subscribed Stock account; Subscribers' account; Treasury Stock account; Undivided Profits account; Dividend account; Surplus account; the Minute Book; the Stock Ledger; the Dividend Book.

Fifteenth. The Voucher System, with forms for the Voucher Book and the Voucher Register.

Sixteenth. Profit and Loss Statements and Balance Sheets.

344398

Seventeenth. Cost Accounting; the Per Cent method; Rate Calculations.

Eighteenth. Auditing.

The book contains data for a sufficient amount of practice in the art of bookkeeping to develop efficient bookkeepers.

The methods of Bookkeeping and Accountancy illustrated and taught, are those in use at this time by the best Certified Public Accountants.

A knowledge of the best business practice is imparted to the student in these lessons and this training will be helpful in preparing anyone for an administrative position.

The fact that one of the authors of this book has been for the past twenty-five years the head of what is today one of the largest business schools in the United States, and that the other author is a practicing Certified Public Accountant under the laws of the State of Pennsylvania, guarantees the quality of the instruction contained in it.

Bookkeeping.

1. **Bookkeeping** consists of keeping a properly classified, accurate record of all of the business transactions performed in the business for which the books are kept.

2. **Double Entry Bookkeeping** is a system of bookkeeping in which there are two entries—a debit and a credit—equal in amount, for every transaction.

3. **Single Entry Bookkeeping** is a simple system of bookkeeping in which there is only one entry for many of the transactions.

The Cash Account or Cash Book.

4. In keeping a Cash Account or a Cash Book, **whenever cash is received you mark it down on the left-hand side of the account or left-hand page of the Cash Book and whenever cash is paid out you mark it down on the right-hand side of the account or right-hand page of the Cash Book.** See illustration on pages 10 and 11.

5. **The left-hand side of all accounts is always called the DEBIT side** and whenever you mark anything down or make an entry on the left-hand side of an account, you are said to **debit** that account. **The right-hand side of all accounts is always called the CREDIT side** and whenever you mark anything down or make an entry on the right-hand side of an account, you are said to **credit** that account.

6. In making entries in a Cash Book, the date is put in the date column, the amount is put in the money column and whatever explanation may seem necessary or desirable is put in the explanation column.

The usual explanation on the debit side of the cash book is the name of the person from whom the cash is received and some explanation such as "On Account" or "In Full" or "Bill of (date of bill for which payment is received)" or the name of the account that is to be credited, as "Merchandise," and some explanation such as "Cash Sales" or the name, or a description of what is sold.

The usual explanation on the credit side of the cash book is the name of the person to whom the cash is paid with some explanation such as "On Account," "In Full," or "bill of (date of the bill paid)" or the name of the account that is to be debited, as "Merchandise" or "Expense," and some explanation, such as an enumeration of the articles purchased or of the expenses paid. See illustration on pages 10 and 11.

7. Checks, Post Office Money Orders, Express Money Orders, Bank Drafts and Sight Drafts are considered and entered as cash. For information about checks, post office money orders, express money orders, bank drafts and sight drafts, see pages 16 to 19.

8. **If the cash account is debited at the start for all cash on hand** as it always should be, **and** then **is debited for all cash received and is credited for all cash paid out, the difference between the debit and credit sides of the cash account will always be the same as the amount of cash on hand.** For method of proving cash, see article 13.

9. Whatever money we have on deposit in bank is counted as part of our cash on hand just the same as though we had it in our own cash drawer or had it locked up somewhere for safe keeping. In view of this fact we do not make any entry in our cash book when we deposit money in bank, but simply add the amount of the deposit to the balance already in bank as shown by the record on our check book stub, or by the record of our balance in bank wherever we keep such record.

When we give a check, it is just the same as though we paid out the amount of cash for which the check is drawn, since the bank pays out that much of the money we have on deposit with it, and therefore an entry must be made in our cash book for every check we give, and the amount must be deducted from the balance on deposit in bank, which is generally shown on the check book stub.

Study carefully the instruction given in articles 14 to 28 inclusive, relative to checks, post office money orders, express money orders, bank drafts, sight drafts, opening a bank account, endorsements and receipts. See page 16.

10. When you know what has been taught thus far, and have studied articles 14 to 28 inclusive as directed, turn to exercise No. 1 and think how you would make the entry for each transaction give in that Exercise. Immediately after deciding how you would make the entry for each transaction, turn to the illustration on pages 10 and 11, and see whether the transaction is entered on the page, and in the manner, you thought it should be entered. If you find that you have made any mistake as to the page on which the entry should appear or as to the proper form for the explanation, study articles 4, 5 and 6 over again until you are sure that you know what is taught in them, then try again. Follow this plan until you can tell without looking, on which page each entry should appear and what the form of the explanation should be.

11. After you have examined the transactions in Exercise No. 1 as directed, turn to page 7, and write answers to the questions in Test No. 1. When you can answer all of the questions in Test No. 1 to your own satisfaction without referring to the text book, you may apply to the College Currency Department for Exercise No. 1 Packet, which contains all of the cash received in Exercise No. 1. You are expected to handle this cash as though it were real money. You will verify daily the amount that you receive for each day's transactions and will be responsible for the return to the College Currency Department of the amount that you should have on hand at the end of the Exercise. You will open an account with the bank, will make a deposit daily if you have sufficient cash on hand; will pay all of your large bills by check; will pay out all paid-out items into an out-going College Currency container, or an outgoing Check container, the contents of which will be collected daily by runners from the College Currency Department and the College Bank, respectively. The list of paid out items, which the runners will receipt, must agree with the amount of currency and checks delivered to the runners. In connection with handling the money, you should now make the cash book entry for each transaction in Exercise No. 1, without referring to the illustration. After you have written up Exercise No. 1 and proved your cash, you shall examine it carefully or audit it, and if you believe it to be correct, you shall then submit it to your teacher for approval.

After Exercise No. 1 has been approved by the teacher, you shall turn in to the College Currency Department your balance of cash from Exercise No. 1, and take out Exercise No. 2 Packet, and shall work out Exercise No. 2 just as Exercise No. 1 was worked out. After you have finished Exercise No. 2, you shall audit it and then submit it to the teacher for approval.

All of the Exercises and Sets in this book are to be treated in the same way. You will first get the necessary Packet from the College Currency Department and work out the Exercise or Set, then examine it carefully for possible errors and after that, submit it to your teacher for approval. No Exercise or Set is to be submitted for the teacher's approval until you have first audited it yourself.

Beginners are apt to make errors through carelessness, but insistence upon the part of your teacher that you shall find all of your own errors, will soon teach you the importance of accuracy in all of your work, and you will verify all of your additions, subtractions and multiplications, and by having everything right or finding your own errors if you make any, you will soon develop the confidence in yourself that is so essential to every bookkeeper.

The succeeding Exercise or Set is not to be begun until the teacher has approved the Exercise or Set that you have finished.

12. Every bookkeeper should know how to do ruling neatly. To do this, lay your rule so that the edge of the rule that is to guide the pen is up away from the paper and farthest from you. This will enable you to rule clean lines without blotting the paper, and by holding the pen at a slightly different angle, you can rule a double line without changing the position of the rule. For practice in ruling, take a sheet of paper and rule it so that it will show all of the red lines that appear on page 76 of this text book. Repeat this exercise daily until your teacher O.K's your skill in ruling.

WRITTEN TEST NO. 1.

1. What is the first entry you make on opening a Cash account or Cash Book?
2. Which is the DEBIT and which is the CREDIT side of the Cash Book?
3. Will the same rule as to which is the debit side and which is the credit side hold good for all other accounts or not?
4. When do you debit the Cash account?
5. When do you credit the Cash account?
6. What explanation is usually put on the debit side of the Cash Book?
7. What explanation is usually put on the credit side of the Cash Book?
8. How do you debit the Cash account and how do you credit it?
9. What else besides money is considered as cash and entered in the Cash Book accordingly?
10. How can you tell from your Cash account how much money you have on hand?
11. If on counting the money in your cash drawer you do not find an amount equal to the difference between the debit and credit sides of your Cash Book, what does that prove?
12. Where else besides in your cash drawer is part of your cash on hand likely to be?
13. What entry or entries do you make when you deposit money in bank?
14. What entry or entries do you make when you give a check?
15. What entry do you make when you receive a check? A sight draft? A money order? A bank draft? Cash?
16. What do you usually do with checks, money orders and drafts that you receive?
17. What entry do you make when you buy a bank draft or money order to send away? When you pay out cash? When you give a check?
18. What is a check? A post-office money order? A bank draft? An express money order? A sight draft?
19. When, where and how should endorsements on checks be made?
20. Tell how to open a bank account.
21. Tell how to make a deposit in bank.
22. Explain the check book stub method of keeping account of the money you have in bank.

EXERCISE NO. 1.

RETAIL FURNITURE BUSINESS OF_____ & CO.
(Student's name)

SEPT. 3, 19—.

Cash on hand $976. (Verify this.)
Open a bank account. Deposit $950.
Sell 1 oak chiffonier for $18.75.
Sell ½ doz. cane seat dining room chairs for $7.50.
Sell 1 cherry finish rocker for $5.
Sell 1 oak wardrobe for $14.
Issue check to Wm. H. W. Quick & Bro., Inc. for Sept. store rent, $75.
Pay $8.35 for freight on shipment received today from Rivers Furniture Co.
Prove your cash daily. See article 13.

SEPT. 4.

Receive post-office money order for $12.50 from J. D. Thomas in settlement of acct.

Send Perfection Mattress Co. order for 1 doz. No. 1 mattresses, and enclose check for $30 in payment for same.

Sell 1 ten piece chamber suit, complete with spring and mattress, for $54.

Sell 40 yds. matting at 25¢ per yard, $10.

Pay upholsterer for laying 40 yds. matting, $2.

Pay for repairs to furniture wagon, $9.60.

Pay for 2 tons No. 2 hard coal, $11.50.

Sell 4 kitchen chairs and kitchen table for $3.50.

Make a deposit at the close of each day's business if you have any checks on hand or if you have more than $50 on hand.

SEPT. 5.

Sell 4 three piece oak chamber suits at $18.50 each.

Receive sight draft for $83 on Henderson, Green & Co., Commission Merchants, from L. F. Adams, one of our country customers, in settlement of his account.

Send Cedar Rapids Furniture Co. check for $237.20 in settlement of account.

Sell 1 Morris chair for $4.50.

Sell 1 Pompadour parlor suit to Mr. C. N. Roderick for $85.

Send an order to the Hartwell Furniture Co., Cincinnati, for ½ doz. leather couches at $25 each, enclosing check for same.

Receive money order from O. J. Bruce for $19.25 in settlement of account.

Buy 10 bu. oats at 45¢ per bu., and 1 bale hay at $2.

SEPT. 6.

Sell 1 six-foot extension table for $9.

Sell three brass bedsteads at $20 each.

Sell 1 velour couch, large size, for $18.

Sell set of 6 leather seat library chairs for $45.

Sell 1 ten-section Globe-Wernicke book-case for $32.50.

Pay gas bill for August, $13.50.

Send Rivers Furniture Co. check for $150 in settlement of bill of July 10th.

Sell 5 XXX springs at $3 each.

Pay Oldershaw & Son for repairs to furnace, $38. (Pay by check.)

Pay for advertisement in Tuesday's "Herald," $21. (Pay by check.)

SEPT. 7.

Receive check from Alfred Brown in settlement of bill of August 1st, $63.

Receive money order from F. N. Smith for $15 to be applied on account.

Sell 3 upholstered chairs for $27.

Sell 1 spring for $4.

Pay the Wilson Furniture Co., on account, $50. (Check.)

Sell 1 Excelsior parlor suit for $39.

Sell 3 single wardrobes at $10 each.

Sell dining room outfit—table, 8 chairs and side-board—for $42.

Receive for Sept. rent of furniture out on rental at the "Blue Mountain House," $135 (Check.)

Pay fire insurance, 1 year's premium on policy for $10,000—from Sept. 1, 19— to Sept. 1, 19—. $80. Check to Henry M. Paist, our insurance broker.

SEPT. 9.

Sell 1 claw foot center table, mahogany, $26.
Sell 3 curly birch rockers at $5.50 each.
Sell quartered oak chiffonier for $45.
Sell plate glass door wardrobe for $70.
Pay John Jones, clerk, $12 for week ending today.
Pay P. Murphy, driver, $9 for week ending today.
Pay for 2,000 bill-heads, 1,000 letter-heads and 2,000 printed envelopes, $6.50.
Issue check to the Enterprise Furniture Co. to apply on account, $250.
Make a deposit.
Have bank book balanced.
Reconcile your bank balance. See **article 20.** Page 21.
Pay the amount of your cash on hand to the College Currency Department by currency and check.

EXERCISE NO. 2.

WHOLESALE HARDWARE BUSINESS OF_____ & CO.
(Student's name)

JAN. 7, 19—.

Cash on hand, $1285.19. Verify.
Make a deposit.
Sell to J. R. M. Adams, 2 doz. carpet sweepers at $29.14, $58.28.
Sell to J. C. Bailey, 14 cherry stoners at $5.10, $71.40.
Sell to Miller Supply Co., 10 meat cutters at $51, 1 doz. egg beaters at $7.52, total $517.52.
Sell to J. F. Pearson & Co., 4 doz. drawing knives at $8.90, $35.60.
Buy from Fred. Beck & Co., 4 doz. carpet stretchers at $5.82, $23.28. (Check.)
Make a deposit at the close of each day's business.
Prove your cash daily.

JAN. 8.

Receive check from Oscar Bear for $143.37 in full.
Pay National Tool & Stamping Co., by check, $342.65, for bill of Dec. 15th.
Receive from Edw. Stinson & Co., check for $525.83 in full.
Sell to Geo. Keller, 10 doz. curry combs, at $6.87, $68.70.
Sell to Reily Bros. & Raub, 10 hand cultivators at $15, I gross auger handles at $3.75, total $153.75.
Buy from Geo. P. Thomas, 1 gross weeding hoes at $97.90. (Check.)

JAN. 9.

Pay Jas. Bates by check, $57.50 bill of Dec. 22nd.
Pay Wm. Cole & Son, by check, $125 on account.
Received from Chas. T. Mitchell, check for $89.75 for bill of Dec. 8th.
Receive from John Brown & Sons, check for $275.86 in full.
Sell to Jas. Brady, 1 doz. level winding jeweled fishing reels at $76.
Sell to Keystone Hdwe. Co., 2 hand cultivators at $13, 1 doz. hammers at $2.09, total, $28.09.
Sell to Central Pa. Supply Co., 12 doz. frying pans at $8, 1 doz. blind hinges at $2.85, total, $98.85.

Cash

19—

Sept	3	Balance	on hand		976—
		Mdse	oak chiffonier	18 75	
		Mdse	½ doz. dining chairs	7 50	
		Mdse	rocker, cherry finish	5 —	
		Mdse	oak wardrobe	14 —	
	4	J. D. Thomas	in full	12 50	
		Mdse	10 pc. chamber suit, spring & mattress	54 —	
		Mdse	40 yds. matting @ 25¢	10 —	
		Mdse	4 kitchen chairs, table	3 50	
	5	Mdse	4-3 pc. chamber suits, 18	74 —	
		L. F. Adams	in full	83 —	
		Mdse	Morris chair	4 50	
		Mdse	pomp. parlor suit	85 —	
		O. J. Bruce	in full	19 25	
	6	Mdse	6 ft. extension table	9 —	
		Mdse	3 brass bedsteads @ 20	60 —	
		Mdse	1 velour couch	18 —	
		Mdse	½ doz. leather seat library chairs	45	
		Mdse	10 section Globe Ver. nickle book case	32 50	
		Mdse	5 XXX springs @ 3	15 —	
	7	Alfred Brown	bill of Aug 1	63 —	
		F. M. Smith	on acct	15 —	
		Mdse	3 upholstered chairs, 9	27 —	
		Mdse	1 spring	4 —	
		Mdse	Excelsior parlor suit	39 —	
		Mdse	3 single wardrobes, 10	30 —	
		Mdse	dining room suit	42 —	
			Forwarded	790 50	976—

Cash

19—

Sept	3	Expense	Sept. store rent	75 —
		Expense	freight	8 35
	4	Mdse	1 doz. #1 mattresses, Perfection Co	30 —
		Expense	laying 40 yds matting	2 —
		Expense	fur. wagon repairs	9 60
		Expense	2 tons, #2 hard coal	11 50
	5	C R. Fur. Co	in full	237 20
		Mdse	½ doz. couches @ 25 —	150 —
		Expense	10 bu. oats @ 45¢	4 50
		Expense	1 bale hay @ 2 —	2 —
	6	Expense	August gas bill	13 50
		Rivers Fur Co	bill of July 10	150 —
		Expense	furnace repairs, Oldershaw	38 —
		Expense	ad. Tuesdays Herald	21 —
	7	Wilson Fur Co.	on acct	50 —
				65
			Forwarded	802 65

JAN. 10.

Receive from Wilcox Hdwe. & Iron Co., check for $321.37 in full.
Receive from Geo. Yakel & Co., check for $275.25 for bill of Dec. 15th.
Pay John W. Russell, by check, $87.50 on account.
Buy of Diamond State Iron Co., 5 oak cabinets at $19.50, $97.50.
Sell to Baltimore Hdwe. Co., 10 doz. gate hinges at $5.60, 1 doz. files at $2.75, total $58.75.
Buy of Henry Keidel Co., 48 doz. hay knives at $10, 12 doz. harness snaps at $1.50, total $498.
Sell to J. R. Emerson & Co., 2 Little Giant meat cutters at $39.24, $78.48.
Sell to Baltimore Hdwe. Co., 4 doz. razors at $9.10, $36.40.
Sell to Dillon & Co., 1 doz. lawn swings $83.95.

JAN. 12.

Sell to Lindamuth & Co., 100 doz. cans metal polish at $3.50, $350.
Sell to J. H. Bowman Co., 2 gross kraut cutters at $20, 1 doz. scythe stones at $6.45, total $46.45.
Sell to F. H. Davidson & Co., 4 doz. screen doors at $9.50, $38.
Sell to M. L. Bauserman & Co., 12 doz. knives and forks at $3.50, 48 doz. gate hinges at $4, total $234.
Have your bank book balanced.
Reconcile your bank balance.
Pay the amount of your cash on hand to the College Currency Department.

EXERCISE NO. 3.

WHOLESALE DRUG BUSINESS OF _____ & CO.
(Student's name)

JAN. 1, 19—.

Cash on hand, $1875.28. Verify.
Make a deposit.
Sell to Double & Co., 1 gross boxes Anti-billious Pills at 40¢ per box, $57.60.
Sell to M. B. Schmeilt, 1 gross bottles Panepentic Tablets at $3 per doz., $36.
Sell to R. W. Stone, 2 gross boxes special Gelatin Coated Cathartic Pills at 50¢ per box, $144.
Sell to Double & Co., 1 gross 4 oz. bottles Hydriodic Acid at $1 per bottle, $144.
Sell to John J. Long, 1 gross Aromatic Cod Liver Oil at $7.50 per doz., $90.
Buy of Sharp & Dohme, 3 gross Extract Witch Hazel at $2.90 per doz., $104.40.
Buy of Hance Bros. & Wight, 5 gross bottles Aromatic Cod Liver Oil at $6 per doz., $360.
Sell to Miller & Davis, 8 doz. bottles Syrup Hypophosphites at $7.50, $60.
Receive from Arnold & Co., $100 on account.
Make a deposit daily.
Prove your cash daily.

JAN. 2.

Buy of Shackman & Loewy 5 gross Cascarets at $2 per doz., $120.
Send check to Smith Bros. & Co., for $200 on account.
Receive check from Jas. P. Frames & Son for $36 in full.
Sell to Henry Schmidt, 5 doz. boxes Black's Feric Pills at 30¢ per box, $18, and 3 doz. Chloroform Liniment at 20¢ per bottle, $7.20, total $25.20.
Buy of Gilbert Bros., 4 gross Crystal Castor Oil at $1.25 per doz., $60. (Check.)

Sell to Doan & Carter, 3 gross Extract Vanilla at $2 per doz., $72.
Sell to Miller & Shower, 1 gross Jamaica Ginger, select, at $1.75 per doz., $21.
Receive of Jos. W. Moore & Co., check for $125 for bill of Dec. 10th.
Pay Winkleman-Brown Drug Co., $100 on account.
Receive check from Paul Hauser for $57.60 in full.
Send check to Gilpin, Langdon & Co., for $45 in full to date.
Sell Thomas Finch & Son, 10 gross Soda Mints at 70¢ per doz., $84.
Sell to National Drug Co., 5 doz. Eagle Brand Condensed Milk at $2 per doz., $10.
Receive check from Chas. Ware for $10 on account.
Buy of Sharp & Dohme, 5 doz. Extract Cinchona at $1.50 per bottle, $90.

JAN. 4.

Send check to W. J. Parker & Co., for $250 on account.
Buy of Hance Bros & Wight, 5 doz. Fluid Extract Cantharides at $5 per bottle, $300.
Pay Stevenson & Harmanson $120 on account.
Buy of Sharp & Dohme, 6 gross boxes Tasteless Quinine Tablets at $1.25 per doz., $90.
Sell Burkhart & Brown, 1 gross bottles sewing machine oil at 45¢ per doz. $5.40.

JAN. 5.

Sell Becker & Anderson, 15 lbs. Ginger Root at 24¢ per lb., $3.60; 1 doz. boxes Tanglefoot Fly Paper at 35¢ per box, $4.20; and 1 gross Camphorated Toilet Soap at $1.20 per doz. $14.40, total $22.20
Sell to J. H. McVeigh & Co., 1 doz. bottles Avene Sativa at $5.10 per doz.
Buy of Sharp & Dohme, 6 doz. Black Cohosh at $4.50 per doz., $27.00.
Pay Jas. Bailey & Son on account, $300.
Pay John Hurth & Co., $50. Bill of Dec. 14th.
Receive from Chas. Sears check for $150 on account.
Have your bank book balanced.
Reconcile your bank balance.
Pay the amount of your cash on hand to the College Currency Department.

EXERCISE NO. 4.

WHOLESALE GROCERY BUSINESS OF _____ & CO.
(Student's name)

JAN. 1, 19—.

Cash on hand, $4351.16. Verify.
Make a deposit.
Sell Boyer & Co., 10 cases Lion Brand Coffee, 24 packages to the case, at $2.50 per case, $25.
Sell Jordan Stabler & Co., 25 bbls. Gambrill's Best Flour at $4.40 per bbl., $110.
Sell Reitz Bros., 8 boxes Ivory Soap, large size, at $6, $48.
Pay Thos. G. Cranwell & Co., on account, $500.
Sell Bryant & Clarvoe, 10 cases Quaker Oats, 24 packages to the case, at $2.25, $22.50.
Receive check from Gold Bros., on account, $150.
Pay sight draft of C. A. Gambrill Mfg. Co., for $1,000. (Certified check.)
Buy of Woolson Spice Co., 100 bbls. granulated sugar, total weight 34,362 lbs., at 5½¢ per lb., $1804. (Check.)
Send check to National Biscuit Co., to apply on account, $1,000.
Receive on account from Bryant & Clarvoe, check for $200.

Sell Boyer & Co., 15 cases Eagle Brand Tomatoes, 24 cans to the case, at $1.50 per case, $22.50.
Make a deposit daily.
Prove your cash daily.

JAN. 2.

Receive check from McGaw & Co., on account, for $953.92.

Sell Jordan Stabler & Co., 20 bbls. granulated sugar, total weight 6,851 lbs., at 5¾¢ per lb., $393.93.

Sell Wm. Jackson 5 bbls. granulated sugar, weighing respectively 337, 353, 340, 344, and 342 lbs., at 5¾¢ per lb., $98.67, and 6 bbls. Gambrill's Best Flour at $4.40 per bbl., $26.40,—total $125.07.

Sell L. W. Johnson, 100 lbs. California Evaporated Peaches at 12¢ per lb., $12, and 10 cases Eagle Brand Corn, 24 cans to the case, at $1.75 per case, $17.50, total $29.50.

Send National Biscuit Co., on account, check for $400.

Receive check from Jordan Stabler Co. for $536 for bill of Dec. 1st.

Sell Reitz Bros. 6 bbls. Goldenrod Syrup, containing respectively 48, 55, 57, 45, 50, and 53 gals., at 32¢ per gal. $98.56.

Buy from C. A. Gambrill Mfg. Co., 200 bbls. Gambrill's Best Flour at $4 per bbl., $800.

Sell Gold Bros., 3 bbls. cider vinegar at $2.52 per bbl., $7.56.

Buy from National Biscuit Co., 300 cases Uneeda Biscuit at $1.75 per case, $525.

JAN. 3.

Sell Maynadier & Co., 25 cases Uneeda Biscuit at $2 per case, $50.

Sell Percy M. Reese, 500 lbs. best mixed Mocha and Java Coffee at 30¢ per lb., $150.

Receive from Reitz Bros., on account, check for $125.

Buy from Woolson Spice Co., 100 cases Lion Brand Coffee at $2.12½ per case, $212.50.

Sell Bryant & Clarvoe, 24 doz. Eagle Brand Corn at $1.50 per doz., $36.

Buy from C. A. Gambrill Mfg. Co., 50 bbls. Superior Flour at $3.75 per bbl., $187.50.

Sell Snyder & Co., 3 bbls. granulated sugar, weighing 339, 346 and 336 lbs., total weight, 1,021 lbs., at 5¾¢ per lb., $58.71.

Sell Gold Bros., 6 bbls. Gambrill's Best Flour at $4.40 per bbl., $26.40.

Sell Reitz Bros., 15 cases Uneeda Biscuit at $2 per case, $30.

Have your bank book balanced.

Reconcile your bank balance.

Pay the amount of your cash on hand to the College Currency Department.

13. Daily Proof of Cash.

Daily Proof of Cash Sept. 3, 19—

1021.25 Debit side of Cash Book

583.35 Credit side of Cash Book

937.90 Cash on hand per Books.

62.90 In Cash Drawer, Safe, etc.

875. In Bank

937.90 Cash on hand.

Make this Daily Proof of Cash on the back of a check book stub, for the date of the proof, so that it will be preserved for future reference if needed.

If everything has been entered correctly and no money has been lost or stolen, the cash on hand as per books and the actual cash on hand will be the same. If the figures do not agree, find your mistake or find the money.

Recount your cash. Go over your additions in the Cash Book. Verify your subtraction to find the balance on hand. Examine your check book stubs to see that the deposit, if any, has been properly entered and correctly added and that the checks issued, if any, have been subtracted correctly. If any person besides yourself has access to the cash drawer, find out whether or not any money has been taken in or paid out without a proper entry having been made for it. Question any person who is accustomed to take funds for temporary uses from the drawer and who generally leaves an I.O.U. It is possible that this person forgot to put an I.O.U. ticket into the drawer when he took out funds during the day, or maybe he returned funds without taking back his ticket.

If, after having done as above directed, you still have not found the mistake, examine every entry for the day to see whether you can discover a mistake in some entry or whether some entry that you see brings to your mind some transaction that you failed to enter. Make a resolution that in the future you will always make your entry before you issue a receipt for any money coming in and that you will always make your entry before you part with any money that you are paying out. Some bookkeepers advise the balancing of cash before the deposit for the day is made, so that if the cash does not balance properly, all checks received can be compared with the entries for them. Other bookkeepers keep a carbon copy or a letter press copy of every deposit slip for the purpose of checking in the event of an error having been made. You should do this if the firm for which you are working wishes it done. It is far more important, however, to concentrate your mind on your work in all cases, and to prove your work as you go along. You will in this way avoid many errors.

If an error has been made and you cannot find it, as soon as you reach this conclusion, on the same day that you discover the discrepancy, you should report it to your superior or to the manager or proprietor of the business and follow his instructions.

One of the common ways of handling such a situation is to put a card in the cash drawer marked "Cash Excess" and the date and amount, or "Cash Deficiency" and the date and amount, as the case may be; and then allow for the excess or deficiency in proving the cash on succeeding days. If there is an excess, it may be cleared up the next time you send out your statements by one of your customers saying that your statement is incorrect,—that he paid you such an amount, naming the amount of your excess, on such a date, and he may even produce a receipt or his cancelled check to prove that he made the payment, but you would probably not require either of these proofs if the amount and the time that he claims to have made payment agree with the amount and time of your excess of cash. If, on the other hand, there is a deficiency, be very sure that you, personally, are not responsible for it, and be more careful in the future in making change, in counting money you pay out, and in seeing that no payment goes out without an entry first having been made for it.

If the reason for the excess or the deficiency is not discovered within a few days, cash may be debited for the amount of the excess, with the explanation "Excess cash," and the date of the excess, or if it is a deficiency, cash may be credited for the amount of the deficiency, with the explanation "Cash Deficiency" and the date of the deficiency. Such a Cash Book entry would be posted to the "Excess and Deficiency" account in the Ledger, about which you will learn a few days later. If, at any time, the reason for a previous excess or deficiency entered in the Cash Book is discovered, an entry in accordance with the real facts in the case should be made in the Journal with a complete explanation of the occurrence. For instance, suppose that on the 15th instant Jones paid us $75 on account but we transposed the figures and charged Cash and credited him with only $57. This threw our cash out—there was an "excess" or "over" of $18 when we proved the cash for the day. Not being able to locate the "over," we debited Cash and credited the "Excess & Deficiency" account. At the end of the month we sent a statement to each of our customers. The statement we sent to Jones was returned to us by him with a complaint that he

had received a credit of only $57 for a $75 payment made to us on the 15th. Now to correct matters, bearing in mind that the Cash Book has already been corrected, we must make a Journal entry to correct Jones' account and the "Excess and Deficiency" account. The proper Journal entry in the above case would be one in which "Excess and Deficiency" would be debited and Jones would be credited with $18. The explanation column should contain a clear statement of the facts in the case.

A bookkeeper is not apt to have an "Excess" or a "Deficiency" for which he cannot account, very many times, without his employer's reaching the conclusion that he needs a more accurate bookkeeper.

CHECKS.

14. A **check** is a written order to a bank in which the bank is directed by the maker of the check to pay out of the funds that the maker of the check has on deposit with it, a definite sum to the person or to the order of the person named in the check; or it may direct the bank to pay the sum mentioned to "Bearer" or to "Cash." In order to guard against paying money to the wrong person, banks will seldom, or never, pay money to any person unknown to the bank. A stranger who desires to get a check in his favor cashed at the bank on which it is drawn, must either get some person who is known at the bank to introduce him or else must endorse the check and have the maker of the check write under the endorsement, "Endorsement O.K.," or "Endorsement Guaranteed," and sign his name. If a bank pays money to the wrong person, the bank must stand the loss. This is why a bank must be absolutely sure that it is paying the money to the right person.

If you wish to issue a check that can be collected by anyone without identification, make it payable to "Bearer," but probably a better plan is to make it payable to the order of the person whom you wish to receive the money and then O.K. his endorsement. In this way, in his endorsement you have his acknowledgment of the receipt of the money, which you would not have if a check given him, payable to bearer, were lost and cashed by some other person.

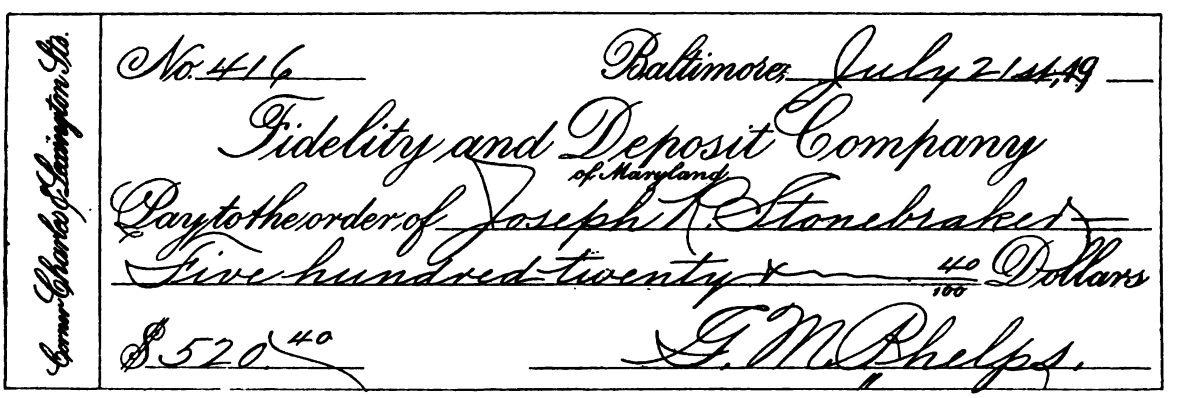
The **maker** of a check is the person who signs the check. He is called the **drawer** of the check. The **payee** is the person to whom the check is made payable. An **endorser** is any person through whose hands the check has passed who has endorsed it. For a specimen form of check see page 17.

Upon receiving a check it is important to have it cashed or to deposit it in bank promptly, first, because a check that is good today may possibly not be good tomorrow. The maker of the check may fail in business or the bank on which the check is drawn may fail. These things do not happen often but they do happen sometimes. Second, if you have received the check from some person other than the maker, you cannot hold any endorser or the person from whom you received it responsible for payment, if your inability to collect it is due to your negligence in not having presented it promptly for payment. It is better to deposit checks with your bank for collection the day they are received and never later than the following business day.

Most business houses have a rule,—"No checks cashed." This will be a good rule for you to adopt. The reason for this rule is,—sometimes a careless person will issue a check for a larger amount than he has on deposit in the bank on which the check is drawn and if you have cashed such a check and deposited it in your bank for collection, two or three days later it will be brought back to you by a messenger from your bank marked "N. S.," (not sufficient funds), and you must then pay your bank the amount of the check and try to collect the amount from the person for whom you cashed the check, which is often a difficult task. He has usually spent the money you gave him for the check and if he hasn't any money in bank he usually hasn't any money anywhere else and you may have to wait until he earns the money or until he can borrow it somewhere, and that sometimes is a long time. You may get the money eventually if he is honest, but you will be

inconvenienced in the meantime by not having the use of the money. Again, sometimes an unscrupulous person will issue a check on a bank in which he has no funds on deposit. In this case, the procedure is very similar to that in the other case. However, in addition to losing the money paid in cashing the check, you will probably be called on to pay from $1.50 to $4.50 in protest fees. Any person issuing a check on a bank in which he has no funds on deposit, is apt to be sent to jail if caught, but that doesn't give you back your money. The safest plan is,—do not cash checks for strangers. Do not accept checks from strangers in payment for goods and give change. If you sell goods to a stranger and accept a check in payment, get the check cashed before you deliver the goods, or have the check certified at the bank on which it is drawn, or get references from the customer and satisfy yourself that the man and the check are all right before you part with property that has a known value. It has long been a common custom with crooks to buy a bill of goods and to offer a check for a larger amount in settlement of the bill, in the hope of being able to get the change in cash. Always be on your guard when a stranger offers you a check. There are probably very few men who have been in business any considerable length of time who have not lost money more than once by cashing checks for persons with whom they were at least slightly acquainted. You will learn this lesson. Will it be from instruction or will you learn it by experience? If by experience, let it be your own money and not the firm's money that you use and lose in learning it.

Check.



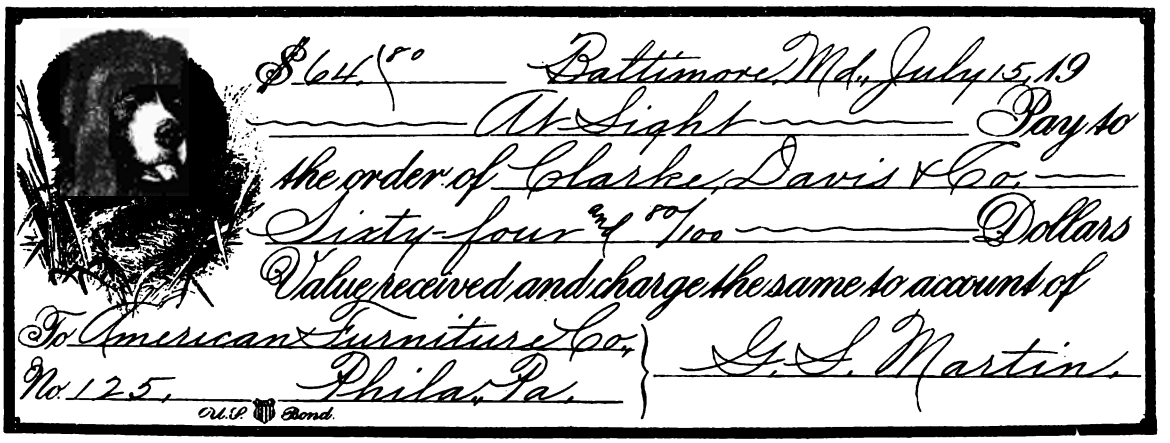
SIGHT DRAFTS.

15. **A Sight Draft** is a written request for the person to whom the draft is directed or on whom it is drawn, to pay to the order of the person who issues the draft or to the order of some other person named in the draft, a definite sum of money. **The person who draws or issues the draft is called the DRAWER. The person on whom the draft is drawn,** that is the person who is to pay the draft, **is called the DRAWEE,** and **the person to whom the draft is to be paid, is called the PAYEE.** Drafts are usually drawn by persons to whom money is owed, on persons (customers) who owe the money, and are usually made payable to the order of the person drawing the draft, or to the order of some person to whom the drawer of the draft is indebted.

For illustration of a sight draft see page 18.

When you issue a sight draft and leave same at your bank for collection, unless you are sure that it will be paid, use a form with a perforated slip attached, reading, "No protest—Detach this before presenting." In this way you avoid having to pay protest fees in the event of the draft not being honored or paid by the person on whom it is drawn,—the Drawee.

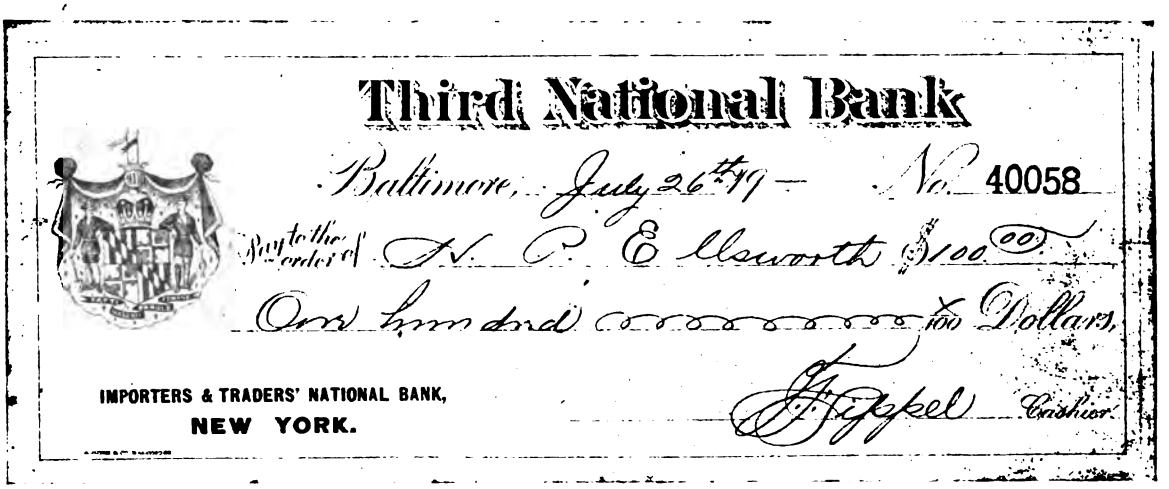
Sight Draft.



BANK DRAFTS.

16. **A Bank Draft** is a written request made by one bank to some other bank to pay a definite sum of money to the order of the person named in the draft as Payee. Banks draw drafts on banks in other cities in which they have money on deposit and sell these drafts to such of their customers as ask for them, at either face value or for only a slight extra charge. These bank drafts constitute a good method of sending money from one city to another as they are accepted anywhere as the equivalent of cash. However, do not cash a bank draft or any other paper for a stranger. The draft may be a forgery.

Bank Draft.


Third National Bank
Baltimore, July 26th 19 — No. 40058
Pay to the order of N. P. Ellsworth $100.00
One hundred 00/100 Dollars,
IMPORTERS & TRADERS' NATIONAL BANK,
NEW YORK.
J. Fiske Cashier

POST-OFFICE MONEY ORDERS—EXPRESS MONEY ORDERS.

17. **Post-office Money Orders** and **Express Money Orders** are similar to each other and are both quite similar to bank drafts. In the case of Post-office Money Orders, a person wishing to

transmit money from where he is to any other part of the world, can go into the nearest Money Order Post-office and pay the money he wishes to transmit, together with a small extra fee, and receive in return an Order for the Money Order Post-office nearest to the point to which he desires to send the money, to pay the money to the person to whom the sender wishes it paid. The person who wishes to send the payment, mails the Post-office Money Order to the person to whom he desires to pay the money and the person receiving the Money Order can get it cashed at the Office upon which it is drawn, upon presenting it and being properly identified, or he may deposit it in bank as cash and realize on it in that way.

Express Money Orders are just like Post-office Money Orders except that instead of being issued by the Post-office Department and purchased at Money Order Post-offices, they are issued by Express Companies and are purchased and cashed at the offices of the Express Companies.

In the case of either a Post-office Money Order or an Express Money Order, the purchaser should retain the receipt issued to him until he learns of the receipt of the remittance by the person to whom it is sent so that he can easily recover the amount of the remittance in the event of the money order miscarrying or being lost in any way.

Express Money Order.

WHEN COUNTERSIGNED
BY AGENT AT POINT OF ISSUE
EXPRESS MONEY ORDER
371179
371179
U.S.EX.CO.
MONEY ORDER.
REMITTERS RECEIPT.
KEEP IT.
The United States Express Company
AGREES TO TRANSMIT AND
PAY TO THE ORDER OF
DOLLARS
CENTS
THE SUM OF
DOLLARS
NOT GOOD FOR MORE THAN THE HIGHEST PRINTED MARGINAL AMOUNT. IN NO CASE TO EXCEED FIFTY DOLLARS.
COUNTERSIGNED
AGENT
ISSUED AT
STATE OF
TREASURER
NAME OF REMITTER
DATE
19
ANY ERASURE, ALTERATION, DEFACEMENT OR MUTILATION OF THIS ORDER RENDERS IT VOID.
DATE
19
REMITTER WILL KEEP THIS RECEIPT TO SECURE REFUND OF AMOUNT OF ORDER IF LOST. BLANK SPACES ARE FOR USE OF REMITTER AND WITH HIS SIGNATURE IN INK WILL PREVENT FRAUDULENT REFUND SHOULD THIS RECEIPT BE LOST.
NOT PAYABLE FOR MORE THAN FIVE DOLLARS.

OPENING A BANK ACCOUNT.

18. In opening a bank account, it is desirable, if possible, to be introduced to the Cashier or to whatever official of the bank attends to receiving the new customers of the bank, by someone who is known to and who is well thought of by the bank. First impressions are often lasting and since "Birds of a feather fly together," if you are introduced by a solid, conservative business man, you presumably belong to that class yourself. To most business men, because of the need of credit, it is a matter of prime importance to be thought well of at the bank.

It is good business practice to keep most of your money in bank. Doing this will not only protect you from the danger of losing large sums of money through burglary, but will also make it easier for you to borrow money from the bank if you should have occasion to do so, since banks will usually loan a responsible depositer four or five times the amount of his average daily balance. In all of your work as a bookkeeper, if you have charge of the cash, make a deposit daily and retain in the cash drawer or safe only enough money to enable you to make change and to pay the small bills that you do not wish to pay by check and never keep out of bank an amount in excess of One Hundred Dollars unless you have some specific use for it before the next banking day.

Banks are usually glad to receive new customers even though their accounts may be small at the beginning. The smallest amount the bank will receive as one's first deposit and the smallest daily balance that is considered satisfactory, differs at different banks. Probably an initial deposit of Two Hundred Dollars and a daily balance of not less than One Hundred Dollars would be acceptable to the majority of banks.

When you are ready to make your first deposit in the College Bank, ask your teacher to introduce you at the bank. When you have been introduced, the bank official who receives you will have you sign a signature card which will be placed on file in the bank so that the signature to your checks can be verified or compared to avoid the danger of the bank paying out your money on a check made and signed by some other person but purporting to be signed by you, in other words, to avoid the danger of the bank paying out your money on a forged check. In signing the signature card, sign your name just as you will write it in signing your checks. I heard of a case in which a student's penmanship improved so much while he was taking a business course that a bank in which he had deposited money before beginning his course, refused to honor his check until he produced other means of identification. There will be reason for gratification if your penmanship improves to that extent during your course.

The bank will furnish you deposit slips, a bank pass book and a check book without charge. Ask the Receiving Teller for additional deposit slips and for another check book when you need them.

Bank Pass Book.

THIRD NATIONAL BANK,
BALTIMORE, MD.

DR. _____ IN ACCOUNT WITH G. M. Phelps CR.

19 –

July	1	Balance	2099	84
"	2	Cash	481	05
"	5	C	318	—
"	7	C	141	80
"	11	C	617	35
"	14	C	753	—
"	16	C	431	25
"	18	C	238	—
"	19	C	156	50
"	21	C	298	—
"	23	C	780	42

Deposit Ticket.

FORM 7

Deposited by

G. M. Phelps.

IN

THIRD NATIONAL BANK

Baltimore, July 23 19 —

Give the Names of Places on which Checks are drawn and names of City Banks.

	DOLLARS	CENTS
Bills	160	—
Specie	15	50
Check. 1st Natl.	75	—
" Merchants	128	30
" New York	65	87
" Phila.	345	75
"	780	42
"		
"		

19. Instead of keeping an account with the bank in the Ledger, most persons simply keep a record of the amount in bank on the back of the check book stubs. To do this, enter on the back of the first stub the amount of the original deposit and add any additional deposits that are made. The total of each deposit may be added or the various items of the deposit may be listed and added, according to the wishes of the man in charge. Subtract daily the sum of all of the checks that have been issued during the day.

20. You should have your bank book balanced every month by the bank and when the bank bookkeeper hands you your balanced bank book, your cancelled checks (the checks that have been paid by the bank), and an adding machine list of them, you should see whether or not your bank balance according to your own record agrees with the balance as shown by the bank. To do this you cannot simply compare the balance as shown in your bank book by the bank bookkeeper and your balance as shown on your check book stub, because almost al ways there are outstanding checks that have been issued but that have not yet been presented to the bank for payment, which must be taken into consideration. Listing these outstanding checks and showing that when they are allowed for, the bank balance as shown by the bank and as shown by your record on the check book stub, agree, constitutes the reconciliation of the bank balance. Of course you should make your reconciliation as of the same date as that on which the bank balanced the account,—should use the balance as shown on your check book stub on that date and should not take into consideration any outstanding checks issued after that time. By arranging all of the checks returned by the bank in order according to their numbers, it will be easy to see just which checks are missing, and which checks therefore have not yet been paid by the bank, and by consulting the stubs for the missing checks you will readily get the amount of each of them. Use a form similar to that in the illustration.

If, by any chance, the amount gotten by this process does not agree with the balance shown in your bank pass book by the bank bookkeeper, go over all of the work in your check book until you find your error. Perhaps you have made an error in setting down or adding some deposit or perhaps you have failed to subtract some check, or have made a mistake in subtracting or in forwarding some balance from stub to stub. You should make it a rule to always fill in your check book stub before writing a check. Find your error, whatever it is, and on the stub where it is found, note in red ink "Corrected after check No.—", and where the correction is made, note in red ink, "Correction of error made after check No.—".

Reconciliation of Bank Balance, Aug. 1, 19—

Bal. per check stub		1483.76
Checks out		
# 711	4.50	
715	18.36	
720	387.	
721	46.83	556.69
Bal. per Bank Book		2040.45

CARE IN WRITING CHECKS.

21. In writing a check or other similar business paper, begin the first word representing the number of dollars at the extreme left of the line ending with the word "Dollars," and fill any space between the words representing the number of dollars and the word "Dollars" with a waved line. Write the figures representing the number of dollars up close to the dollar mark. Care in the above matters helps to remove the temptation, to any unscrupulous person through whose hands a check may pass, to try to raise it—to increase the amount for which it is written. Nowadays, nearly everybody uses a check protector of one kind or another as a safeguard against checks being raised. The Protectograph Check Writer is one of the most popular devices of this kind.

ENDORSEMENTS.

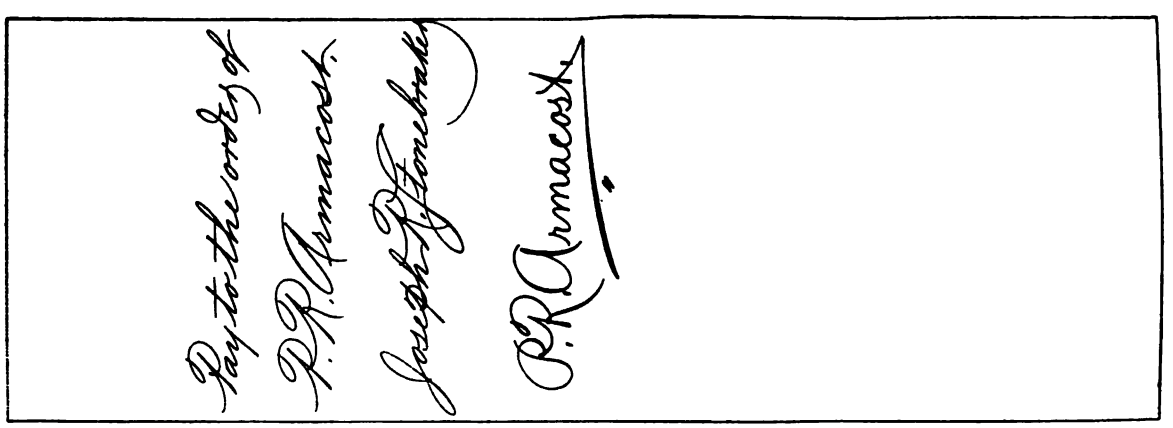
22. An endorsement is the writing of one's name with or without other words on the back of a check or other negotiable paper. **A person who endorses a check or other paper, by doing so becomes responsible to all of the persons who receive it after him for the payment of the paper,** —that is if the maker of the paper fails to pay it, any person who has received it after you have endorsed it, can compel you to pay it after he has had the paper protested, unless you have endorsed it "Without Recourse." This special endorsement would probably result, however, in your keeping the paper, for most business men would refuse to accept paper which you are unwilling to guarantee with a proper and regular endorsement.

The two forms of endorsement in most common use are Endorsement in Blank and Endorsement in Full.

23. **Endorsement in Blank consists of the payee or holder simply writing his name across the back of the paper endorsed.** This is not a desirable form of endorsement because a paper so endorsed is in fact payable to bearer regardless of how he gained possession of it. A person receiving a paper endorsed in blank, may, if he chooses, write above the endorsement "Pay to the order of" and his own name, thus making the paper carry a full endorsement.

24. **Endorsement in Full consists of writing "Pay to the Order of" and the name of the person to whom the paper is to be transferred, above the signature of the payee or holder.** This is the best form of endorsement for general use, because if a paper bearing a full endorsement is lost or stolen, it is of no use to the finder or thief because it cannot be cashed without the endorsement of the person to whom the previous endorser has made it payable. Always endorse papers in full unless there is some case in which there is some specific reason for not doing so.

Endorsement in full. **Endorsement in blank.**



25. To lessen the work of making up deposits for the bank, many persons use a rubber stamp containing an endorsement in full in favor of the bank in which the deposit is to be made. In this case even the signature of the endorser may be a part of the rubber stamp since, inasmuch as the proceeds are simply to be placed to the credit of the endorser in the bank to the order of which he makes the check payable, no one will ever question the validity of the signature. The rubber stamp signature should be simply the name of the depositor in type and not a fac-smile signature. Formerly a rubber stamp containing the words "For deposit" or "For collection" and the name of the depositor was used to a considerable extent in making up bank deposits, but such an endorsement is a restrictive endorsement and is therefore objected to by some banks, and for that reason is not now considered good business practice. You will learn more about restrictive endorsements and will learn about qualified endorsements and conditional endorsements through your study of Commercial Law.

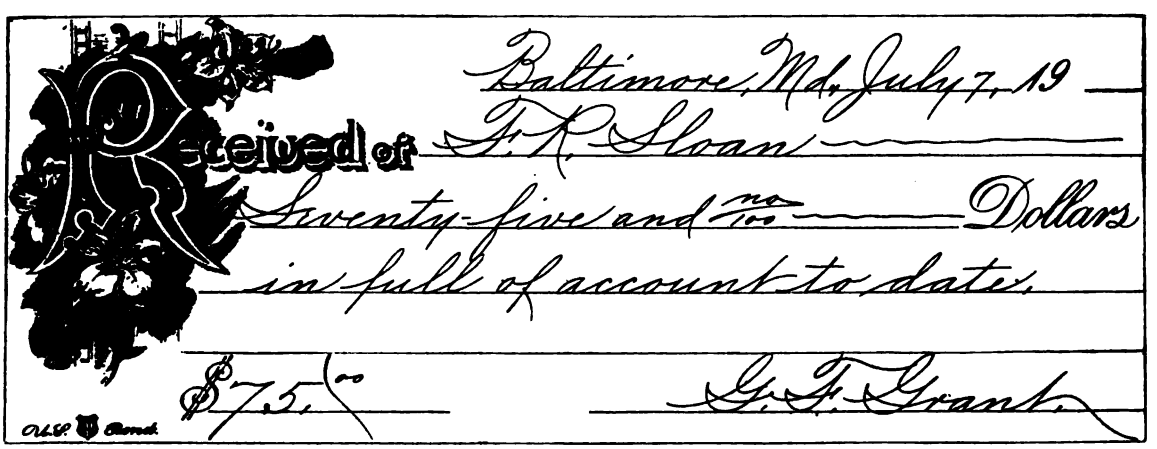
26. If ever you receive a check or other paper payable to yourself, with the initials wrong or your name spelled incorrectly, in endorsing it, first write your name just as it appears on the paper and immediately under that, write your name correctly.

27. An endorsement on a check should be written on the back of the check about one inch from the left end of the check. The endorsement of all checks in this uniform manner facilitates the handling of them by the banks through which they pass and indicates a knowledge of good business form. For illustration, see page 22.

RECEIPTS.

28. Always get a proper receipt for every payment you make in money, so that if it should ever be necessary, you can prove that you have made the payment, and always give a proper receipt for every payment you receive in money so that if it should ever be necessary, the person who made the payment to you can prove that he made it; or if any person claims to have made a payment to you which your books do not show, you can reasonably ask him to produce his receipt. File and preserve your receipts. It is not important to get receipts for payments made by check because the checks returned to you by your bank are evidence that you have made the payments and they should be filed and preserved as receipts, after they have served their purpose in your reconciliation of your check book balance with the pass book balance figured by the bank. Receipts should always be dated and in addition to the name and amount received, should have some explanation, such as "On account," "In full," "To date" or the name or a description of the article for which payment is made. The date of the bill paid is also a good explanation. If the payment is made by check or by note, it is good form to mention that fact in the receipt so that if the check or note should turn out to be worthless, the receipt would be null and void.

Receipt.



PERSONAL ACCOUNTS.

29. Personal accounts are kept in the Ledger with persons who owe us, and with persons whom we owe, to show how much other persons owe us and how much we owe other persons. Accordingly, whenever another person (meaning either a person, firm, company or corporation) gets in debt to us, or whenever we get in debt to another person, we open an account in the Ledger with that person. See illustration pages **46 to 49.**

WHEN TO DEBIT A PERSON.

30. **Whenever you give another person anything without at that time receiving something in exchange for it, debit his account for what you give him. Debit the receiver.**

Commit the above rule to memory.

According to the above rule—

If a person owes you anything at the time you begin keeping accounts, or when you open a set of books, you should debit his account at that time for the amount of his indebtedness to you, because it represents what you have already given him without receiving anything in exchange for it.

If you sell him anything on account, you should debit his account for it, because you give him what you sell him on account without at that time receiving anything in exchange for it.

If you work for him without receiving immediate payment, you should debit his account for the amount of your bill, because you give him the work without at that time receiving anything in exchange for it.

If you loan him any money on account, you should debit his account for the amount you loan him because you give him the money without at that time receiving anything in exchange for it.

If you owe him money, and give or send him payment in full or in part, (either in cash, by check, money order or bank draft, or if you pay his draft on you at sight, on demand, or at 1, 3 or 5 day's sight) you should debit his account for the amount of the payment, because you give him that amount without at that time receiving anything in exchange for it.

If you give him your note or accept his time draft on you, you should debit his account for the amount of the draft or note, because you give that to him without at that time receiving anything in exchange for it.

If you return goods to him with which his account has been credited, you should debit his account for them, because you give them to him without at that time receiving anything in exchange for them.

If there is any other transaction in which you give another person anything without at that time receiving something in exchange for it, you should debit his account for what you give him.

WHEN TO CREDIT A PERSON.

31. **Whenever another person gives you anything without at that time getting something in exchange for it, credit his account for what he gives you. Credit the giver.**

Commit the above rule to memory.

According to the above rule—

If you owe a person anything at the time you begin keeping accounts, or when you open a set of books, you should credit his account at that time for the amount of your indebtedness to him, because it represents what he has already given you without getting anything in exchange for it.

If you buy anything from him on account, you should credit his account for the amount of the bill, because he gives you what he sells you on account without at that time getting anything in exchange for it.

If he does work for you without receiving immediate payment, you should credit his account with the amount of his bill, because he gives you the work without at that time getting anything in exchange for it.

If he loans you money on account, you should credit his account with the amount he loans you because he gives you the money without at that time getting anything in exchange for it.

If he owes you money and gives or sends you payment in full or in part, (either in cash, money order or bank draft, or if he pays your draft on him at sight, on demand, or at 1, 3 or 5 day's sight), you should credit his account with the amount of the payment, because he gives you that without at that time getting anything in exchange for it.

If he gives you his note or accepts your time draft on him, you should credit his account with the amount of the note or draft, because he gives you that without at that time getting anything in exchange for it.

If he returns to you goods with which his account has been debited, you should credit his account with them, because he gives them to you without at that time getting anything in exchange for them.

If there is any other transaction in which another person gives you anything, without at that time getting something in exchange for it, you should credit his account with what he gives you.

32. If the rules given in articles 30 and 31 are followed, the amount that the debit side of any personal account is larger than the credit side, will be the amount that the person with whom the account is kept, owes us, and the amount that the credit side of any personal account is larger than the debit side, will be the amount that we owe the person with whom the account is kept. See illustration pages **46 to 49** and tell which persons we owe and which persons owe us, and in each case, how much.

PROPERTY AND EXPENSE ACCOUNTS.

33. In all businesses, a number of accounts known as Property Accounts and Expense Accounts are kept for the sake of the information they supply. In some sets of books there are but few such accounts kept; in others, there are many, the number depending upon the nature of the business, the minuteness with which the proprietor of the business wishes to classify his expenses and his sources of income, and upon the number of details in connection with the business about which he considers it desirable to have specific information. Three of the most common among Property and Expense Accounts are,—the Merchandise account, the Store & Office Fixtures account, and the Expense account.

WHEN TO DEBIT AND WHEN TO CREDIT PROPERTY AND EXPENSE ACCOUNTS

34. **Debit Property and Expense accounts whenever those things for which they stand, cost you anything**—whenever you buy those things—whenever they are an expense to you. **Credit Property and Expense accounts whenever you receive anything from those things for which they stand**—whenever you sell those things—whenever they are a source of income. **Debit what is received. Credit what is given.** You will remember that when you receive cash, you debit cash, and that when you give out cash, you credit cash. The same rule holds good for every thing else. If you buy merchandise, you receive merchandise, and you debit the merchandise account. If you buy store and office fixtures, you receive store and office fixtures, and you debit the store and office fixtures account. If you buy expense items, you receive the expense items, and you debit the expense account. On the other hand, if you sell merchandise, you give out merchandise, and you credit the merchandise account. If you sell store and office fixtures, you give out store and office fixtures, and you credit the store and office fixtures account. If you sell expense items, you give out expense items, and you credit the expense account. Always, you debit what you receive and credit what you give.

THE MERCHANDISE ACCOUNT.

35. **Merchandise** is the general term applied to the goods in which we deal. The Merchandise account is kept to show what we pay for merchandise and what we receive for it, and thus whether we lose or gain on it.

According to article 34, we would **debit** the **Merchandise** account when we begin business, or open our books, **for whatever merchandise we then have on hand,** because it has cost us something. We have received merchandise. From that time on, we would **debit** the **Merchandise** account **for all merchandise we buy** because it costs us something. We receive merchandise.

We would **credit** the **Merchandise** account **for all the merchandise we sell,** because we receive something for it. We give out merchandise.

We would **credit** the **Merchandise** account **for all merchandise we return to other persons** after we have bought it, because we will receive something for it, just as though we had sold it. We give out merchandise.

We Debit the Merchandise account for all merchandise coming into our store,—received.

We Credit the Merchandise account for all merchandise going out of our store,—given out.

36. Whenever we desire to ascertain whether we have gained or lost on our Merchandise account, we add all of the debits to the account which represent what the merchandise has cost us; then take the value of the merchandise still on hand and make an entry for that amount on the credit side of the Merchandise account, with the explanation "Inventory," and then add all the credits to the account, which represent what the merchandise has brought us or is worth to us. If the total of the debit side of the account is larger, our merchandise has cost us more than it has brought us or is worth to us, and we have lost on it the amount that the total of the debits exceeds the total of the credits, but if the total of the credit side of the account is the larger, our merchandise has brought us, or is worth to us, more than it cost us, and we have gained on it the amount that the total of the credits exceeds the total of the debits.

For an illustration of a Merchandise account, see page **45**.

Whenever we desire to know whether we have gained or lost on any other Property or Expense account, we find out by the same method as the one described for use in the Merchandise account.

STORE AND OFFICE FIXTURES ACCOUNT.

37. The Store and Office Fixtures account is kept to show what it cost us to fit up our store and office, and how much we lose on the furniture and fixtures.

According to article 34, we would **debit** the **Store and Office Fixtures** account when we begin business, or open our books, **for whatever store and office fixtures we have on hand** at that time, because they have cost us something. We have received Store and Office Fixtures.

We would **debit** the **Store and Office Fixtures** account **for any** additional **furniture or fixtures we buy** for the store or office, because they cost us something. We receive Store and Office Fixtures.

We would **credit** the **Store and Office Fixtures** account **for anything we sell for which we debited this account** at the opening of the books, or when we bought it, because we receive something for it. We give out Store and Office Fixtures.

The things included under the heading Store and Office Fixtures, and accordingly charged to that account, will differ widely in different businesses, since anything that is needed in the line of fixtures and furniture to fit up the building ready for the particular line of business in which we intend to engage, properly belongs to that account. Some of the more common articles coming under this heading are—counters, shelves, show-cases, desks, safes, typewriters, chairs, scales, calculating machines, duplicating machines, etc.

Some firms charge teams, wagons and automobiles to this account, but perhaps more keep a Teams and Wagons or Motor Trucks account, which is preferable, especially if several horses and wagons or automobiles are kept. If a Teams and Wagons account or an Automobile account is kept, it should be kept in just the same way as the Store and Office Fixtures account.

For an illustration of a Store and Office Fixtures account, see page **45.**

THE EXPENSE ACCOUNT.

38. The Expense account is kept to show the amount of the expenses in connection with running our business.

According to Article 34, we would **debit** the **Expense** account **whenever** we were **at any expense** in connection with the running of the business **unless** we had **some other account** in our Ledger to which the expenditure **could more properly be debited.** If we had no accounts of the class we are now studying about, in our Ledger, except the Merchandise account, the Store and Office Fixtures account and the Expense account, we would debit the Merchandise account whenever we bought goods to sell again, and would debit the Store and Office Fixtures account whenever we bought furniture, fixtures, or appliances of any kind to be used as part of the equipment of our establishment, and we would debit the Expense account for all other expenses, such as rent, clerk hire, salaries, advertising, fuel and light, insurance, interest, freight and express charges, drayage, taxes, stationery, stamps, repairs, etc., etc.

In nearly all large businesses, separate accounts are kept for many of the things just enumerated, and when this is done, each account of this kind is kept just like the Expense account, being debited for whatever the things properly coming under it cost, and credited if we should ever receive anything for them, and then **the Expense account includes all expenses which do not come under some other particular account.**

Even where separate accounts are kept for most items of expense, there are always a number of expenses which do not properly come under any of the classified heads, and these are grouped in the regular Expense account, which is often in this case called General Expense.

The Expense account is credited if we should chance to sell or receive anything for **Things which were debited to the Expense account when received.**

For an illustration of an Expense account, see page **46.**

WRITTEN TEST NO. 2.

1. In what book are Personal accounts kept?
2. What are Personal accounts kept for?
3. Which is the debit side of every Personal account?
4. Which is the credit side of every Personal account?
5. Will the same rule as to which is the debit side and which is the credit side hold good for all other accounts or not?
6. Name every kind of a transaction that you can think of which would require you to debit the account of any person with whom you might be keeping an account. Every kind that would require you to credit the account of the person.
7. If another person owes you (meaning the firm for whom you keep the books) at the time you begin keeping accounts, or when you open a set of books, should the person's account be debited or credited?
8. What is the Merchandise account kept for? The Store and Office Fixtures account? The Expense account?
9. What is the general rule for keeping such accounts as the Merchandise, Store and Office Fixtures, and Expense accounts?
10. For what would the Merchandise account be debited at the time you begin business or when you open a set of books?

11. If you buy merchandise for cash, should the Merchandise account be debited or credited?

12. If you sell merchandise for cash, should the Merchandise account he debited or credited? If you sell merchandise on account?

13. If you return merchandise after it has been purchased and entered on your books, should the Merchandise account be debited or credited?

14. If merchandise is returned to you after you have sold it and entered it on your books, should the Merchandise account be debited or credited?

15. For what should the Store and Office Fixtures account be debited when you begin keeping accounts or open a set of books?

16. Mention the circumstances under which you would debit the Store and Office Fixtures account when keeping a set of books. The circumstances under which you would credit it.

17. What all should be included in the Store and Office Fixtures account? How about teams and wagons? Automobiles or automobile trucks?

18. Tell under what circumstances and for what the Expense account might properly be debited at the time a set of books is opened.

19. After the books have been opened, when should the Expense account be debited? When should it be credited?

20. If separate accounts are kept for such expenses as salaries, rent, advertising, freight, interest, etc., in what way, if any, does the keeping of such accounts differ from the keeping of the Expense account? What effect does the keeping of such separate accounts have on the Expense account?

21. How can the loss or gain on the Merchandise account be ascertained at any time? On the Store and Office Fixtures account? On the Expense account? On any other Property or Expense account?

22. What is an inventory?

23. On which side of the account is the inventory entered when you are finding the loss or gain on the Merchandise, Store and Office Fixtures, or Expense account?

24. Which side of a Property or Expense account is the larger when there is a loss on it? When there is a gain on it?

25. If you buy merchandise or anything else without paying for it, what account should be debited and what account should be credited? If you sell merchandise or anything else without receiving payment for it, what account should be debited and what account should be credited?

26. If another person does work for you without receiving payment for it, what account should be debited and what account should be credited? If you do work for another person without receiving payment for it, what account should be debited and what account should be credited?

27. If other persons send you remittances to apply on their accounts, what account should be debited and what accounts should he credited? If you send other persons remittances to apply on account, what accounts should be debited and what account should be credited?

28. If you return goods which are unsatisfactory, or which are not what you ordered, to the person from whom you purchased them, what account should be debited and what account should be credited? If another person returns goods to you for similar reasons, what account should be debited and what account should be credited?

29. If another person sends you a note in part payment or in settlement of his account, should his account be debited or credited? If you send another person a note?

30. How can you tell whether another person with whom you have an account owes you or whether you owe him, and in either case, how much?

31. How do you open an account on your books with another person, and in which book does that account appear?

32. When should you open an account with another person?

DOUBLE ENTRY BOOKKEEPING.

39. Double entry bookkeeping is just what the name implies, bookkeeping with a double entry—two entries—(a debit and a credit) for each business transaction.

Whenever you debit any account, you must credit some other account (or accounts) with the same amount. Whenever you credit any account, you must debit some other account (or accounts) with the same amount.

If you do as above directed, **the total of all the debits** and **the total of all the credits** in the set of books **will always be equal,**—the books will always balance.

Whenever any thing of value or any form of value comes into the business, debit the account which represents it on the books and credit the person from whom it comes or the account which produces the value.

Whenever any thing of value or any form of value goes out of the business, credit the account which represents it on the books and debit the person to whom it goes or the account which receives the value.

Commit the above rules to memory.

40. If you are keeping a set of books in which the only accounts open are—the Cash account, (which is kept in the Cash Book), the Proprietors' Stock accounts, the Merchandise account, the Store and Office Fixtures account, the Expense account, and the various personal accounts, all of which, except the Cash account, are kept in the Ledger,—according to the rules that you have already learned, you will debit the Cash account with the amount of cash on hand at the beginning of business, or when the books are opened, and that debit will be balanced by crediting the Proprietors' Stock accounts with the same amount, as part or all of their investments, as the case may be.

If there is any merchandise on hand, you will debit the Merchandise account with the amount of its value as per inventory of merchandise and credit the Proprietors' Stock accounts with the same amount, thus balancing that debit. (The inventory mentioned above is a list of all the different items of merchandise in the stock. It shows the number of units in each item, the cost of each unit and the cost value of the whole stock).

If there are store and office fixtures on hand, you will debit the Store and Office Fixtures account with their value as per inventory of fixtures, and credit the Proprietors' Stock accounts with the same amount, which will leave the books still in balance.

If there are things on hand which, if purchased, would be debited or charged to the Expense account, you will debit the Expense account with them as per inventory of expense items and credit the Proprietors' Stock accounts with the same amount.

If other persons owe the proprietors on account, accounts will be opened with these persons and they will be debited with the various amounts owed and the Proprietors' Stock accounts will be credited with the same amounts, as these accounts are part of their investments, and the sum of the debits and the sum of the credits on the books are still equal.

If the proprietors owe other persons on account, accounts will be opened with these persons and they will be credited with the various amounts due them and the Proprietors' Stock accounts will be debited with the same amounts. Their net investments are just that much less than the sum of the credits to their stock accounts, and the rule of a debit equal to every credit has been fulfilled.

If you buy merchandise and pay cash for it, you debit Merchandise and credit Cash with the price paid for the goods. (Why?)

If you buy merchandise on account, you debit Merchandise and credit the personal account of the person from whom you buy the goods, with the price of the goods. (Why?)

If you sell merchandise for cash, you debit Cash and credit Merchandise with the amount of the sale. (Why?)

If you sell merchandise on account, you debit the personal account of the person to whom you sell, and credit Merchandise with the amount of the bill. (Why?)

If you buy additional store and office fixtures for cash, you debit the Store and Office Fixtures account, and credit Cash with what they cost you. (Why?)

If you buy store and office fixtures on account, you debit Store and Office Fixtures, and credit the personal account of the person from whom you purchase them with the amount you have agreed to pay for them. (Why?)

If you sell any of your store and office fixtures for cash, you debit Cash and credit Store and Office Fixtures. (Why?)

If you sell any of your store and office fixtures without receiving cash for them, you debit the account of the person to whom you sell same with the amount he is to pay for them, and credit Store and Office Fixtures. (Why?)

If you pay any money for store rent, fuel, light, clerk hire, salaries, advertising, printing, stationery, freight or anything else other than merchandise and store and office fixtures, you debit the Expense account and credit Cash. (Why?)

If any person who owes the proprietors pays all or part of his account, you debit Cash and credit the account of the person who made payment, with the amount of the payment. (Why?)

If the proprietors pay part or all of an account they owe to some other person, you debit the person to whom the payment is made, and credit Cash with the amount of the payment made. (Why?)

From the above directions, you will perceive that whenever there is some account to be debited, there is always some other account to be credited, and whenever there is some account to be credited, there is always some other account to be debited, and since the debits and credits are always for the same amount,—the total of all the debits—and the total of all the credits—are always equal to each other, and the books always balance when the entries have been properly made.

POSTING.

41. In keeping books, whenever there is a transaction to record in which cash is received, or in which cash is paid out, the first entry is made in the Cash Book. When the debit or credit, as the case may be, has been entered in the Cash Book, it is not necessary to make the entry in the Ledger to balance or off-set the Cash Book entry, immediately. In fact, the Cash Book entries for the entire day are usually made before any entries are made in the Ledger to balance or off-set the debits or credits of the Cash Book.

The reason why the entries in the Ledger need not be made at once is—the entries in the Ledger to balance the Cash Book entries are not made from memory, but are made from the Cash Book.

In Double Entry Bookkeeping when the Cash account is debited, the first thing written in the explanation column is the name of the account that is to be credited for the same amount, (see illustration of Cash Book debits on page **40**) and when the bookkeeper wishes to make the Ledger entries to balance the Cash Book debits, he simply turns to the Cash Book, finds the first debit for which no credit has been made in the Ledger, makes the credit to the proper account and makes a mark in the Cash Book to show that the credit has been made to balance the Cash Book debit.

He treats the next Cash Book debit in the same way, and so on until a credit has been made in the Ledger to the proper account for each Cash Book debit. Then he turns to the credit side of the Cash Book, finds the first credit for which no debit has been made in the Ledger, makes a debit to the proper account for the amount, and makes a mark in the Cash Book to show that the credit has been balanced by a debit in the Ledger. He then treats the next Cash Book credit in the same way, and so on until the Ledger debits have all been made for all the Cash Book credits. By referring to the Cash Book credits on page **41**, you will notice that when the cash account

is credited, the first thing written in the explanation column is the name of the account that is to be debited for the same amount.

The making of entries in the Ledger, to balance the Cash Book debits and Cash Book credits, is called Posting from the Cash Book to the Ledger. Usually the number of the Ledger page to which the entry has been posted is written opposite the entry in the **folio column** in the Cash Book to show that the Cash Book debit has been balanced by a Ledger credit, or that the Cash Book credit has been balanced by a Ledger debit, but sometimes simply a check mark is used. Whichever is used should be put opposite each entry in the Cash Book immediately after it is posted to the Ledger.

For illustrations of Cash Book entries posted to the Ledger, see Cash Book entries on pages **40 and 41** and the same as posted to the Ledger on pages **45 to 49**. Look at each entry first in the Cash Book, and then turn to where it is posted in the Ledger, and see the entry there. Notice that in the Ledger, the number of the page in the Cash Book from which the entry is posted, is written in a column just in front of the money column. This page number is written at the same time the entry is posted and it enables a person looking at the Ledger to turn quickly to the original entry should he desire to do so. The page number in the folio column of the Ledger need not be repeated in any account except when the page from which the posting is done changes.

THE JOURNAL.

42. We have been studying the recording of Cash transactions, and you have noticed that it was only necessary to make one entry at the time each transaction took place, viz.; the entry in the Cash Book, and that you had all of the entries together and could go back and post them at your convenience to make the Ledger credits to balance all of the Cash debits, and the Ledger debits to balance all of the Cash credits, without any danger of forgetting any of them. In nearly all businesses, however, there are a large number of transactions which are not Cash transactions, and which consequently do not go into the Cash Book. The debits and credits for these transactions would be scattered from one end of the Ledger to the other, and if they were entered only in the Ledger, there would be great danger of the bookkeeper forgetting to enter on the books some of the debits or credits and in that event, the books would be thrown out of balance, and the bookkeeper would have to go over all the entries made in his Ledger since the last Trial Balance was taken in order to find out what entry or entries had been omitted. To avoid the danger of such omissions, and in order to have all of the transactions for each day, and all of the transactions for each month, grouped together in convenient form for reference, a book called the Day Book, or Journal, is kept. In the Journal all transactions which are not Cash transactions, are recorded in the order of their occurrence, in a way that will show what accounts in the Ledger are to be debited, and what accounts in the Ledger are to be credited to balance these debits. Consequently the bookkeeper has arranged before him in the Journal the debits and credits of all transactions, except those which go in the Cash Book, and he posts from the Journal to the Ledger just the same as he posts from the Cash Book to the Ledger, except that in posting from the Journal he posts both the debit and the credit for each transaction, while in the Cash Book he needs to post only one or the other, because the Cash account in the Cash Book is just the same as an account in the Ledger, and if it is debited, then it is only necessary to credit some Ledger account for a like amount, and if it is credited, it is only necessary to debit some Ledger account for a like amount, to make the books balance, whereas in making the entries in the Journal, no accounts are debited or credited. The Journal entries are merely statements indicating what accounts are to be debited and what accounts are to be credited, arranged under the dates of the transactions so that the bookkeeper will have a concise record of all transactions for reference and to post from, in order that he may be sure not to omit any of the debits or credits, and therefore, in posting from the Journal, it is necessary to make both the debit and the credit entry in the Ledger for each amount to keep the books in balance.

Remember that all except cash transactions must be entered in the Journal first and then transferred or posted from there to the Ledger.

A check mark may be used to indicate the fact that each debit and each credit has been posted to the Ledger, but probably the best way to indicate this is to write in the column at the left of the page, right opposite each debit or credit, the page in the Ledger to which the entry is posted. Either the check mark or the Ledger page should be put in just after the entry has been posted in the Ledger, and not before the entry has been actually posted. It is well to add both columns of the Journal before beginning to post. If the two columns are not equal, that is evidence that some mistake has been made in the Journalizing, and the mistake had better be corrected before the posting is done. If the bookkeeper, in posting from the Journal, will post all of the debits first, which are all posted to the debit side of the Ledger, and after that post all of the credits, which are all posted to the credit side of the Ledger, thus avoiding the necessity of changing frequently from one side of the Ledger to the other side of the Ledger in posting, this will lessen his liability to make errors in posting.

The entry in the Journal always reads—some person or some account, debtor, to some person or some account, creditor. The amount of the debit is written in the first money column, which is the debit column in the Journal, and the amount of the credit is written in the second money column, which is the credit column in the Journal. Arranging debits and credits in order in the Journal is called Journalizing.

For illustration of how Journal entries are arranged and worded, see the Journal, pages **42** to **44**. Note how each Journal entry is posted to two accounts in the Ledger by turning from the Journal to the Ledger pages indicated in the folio columns of the Journal and seeing just how each Journal entry is posted. Note, also, that the Journal page from which the posting is done is shown in the Ledger folio column.

TRIAL BALANCES.

43. Taking a Trial Balance is simply finding out whether or not the books balance. This may be done by first adding together all of the debits found on the books, and then adding together all of the credits found on the books. If the books are in balance the total of all of the debits will be the same as the total of all of the credits. Another method of taking a Trial Balance is to set down in one column the amount of the difference from every account in which the debit side exceeds the credit side and to set down in another column the amount of the difference from every account in which the credit side exceeds the debit side, and then add the columns. If the books are in balance, the sum of the one column will be the same as the sum of the other column.

If the books are not in balance, the bookkeeper has failed to make credits equaling or balancing the debits, or debits equaling or balancing the credits, or has made some other mistake in his work and must find his mistake wherever or whatever it may be, and correct it so that the books will balance. To make a correction, rule two red ink lines through the wrong amount or explanation and write the correction just above the error. Never erase. Books containing erasures will not be admitted as evidence in court. A Trial Balance is illustrated on page **50**.

BILLS OR INVOICES.

44. A Bill or Invoice, the usual form for which is herewith shown, should contain (a) the name and address of the person making the sale; (b) the date of the sale; (c) the name and address of the person to whom the sale is made; (d) the terms on which the sale is made; (e) an itemized list of the articles sold, showing the number, or quantity, of each, the price per unit, the price for the total amount of each article and the total amount of the sale.

The bookkeeper or bill clerk must make out a bill for every bill of goods sold and as soon as delivery or shipment of the goods has been made, the bill should be given or mailed to the purchaser. When a bill or invoice is received, the bookkeeper before entering it should verify the

multiplications and additions to see that the bill has been figured correctly and should have the receiving clerk check up the goods received to see that they correspond in every particular with the bill. The buyer, purchasing agent, or whoever placed the order, should also O.K. the quality and the price before the invoice is entered upon the books. Any shortage or substitution should be taken up at once with the person from whom the goods were purchased.

Bills should be preserved until paid. When paid they should be receipted and should be filed for reference in the event of any question ever arising concerning the goods bought, the price paid, the date or fact of payment, the terms agreed upon, or any other matter concerning which the receipted bill would contain information.

Bill or Invoice.

CLAIMS FOR DAMAGE OR DEDUCTION TO BE MADE IMMEDIATELY ON RECEIPT OF GOODS

ALFRED LOWRY & BRO.

WHOLESALE GROCERS AND COFFEE IMPORTERS

50-54 N. DELAWARE AVE. AND 49-53 N. WATER ST. PHILADELPHIA, PA.

Sold to Reitz Bros. Sept. 1, 19-

Address 416 W. Lexington St.

BELL AND KEYSTONE 'PHONES

THE GOODS BILLED ON THIS INVOICE ARE GUARANTEED TO COMPLY WITH ALL THE STATE AND FEDERAL FOOD LAWS. ALFRED LOWRY & BRO.

4	DZ	#1 POSTUM	1	30	5	20		
1	BX	SML IVORY SOAP	3	85	3	85		
50	LB	CUBE SUGAR		06½	3	38		
3	CTN	ARGO STARCH		80	2	40		
5	CTN	HECKERS SML B WHEAT	1	45	7	25		
3	DZ	5C RUMF B POWDER		45	1	35		
6	DZ	CREAM OF WHEAT	1	50	9	00		
1	DZ	SHRED WHEAT		10	1	20		
1	DZ	SUN MAID RAISINS		09	1	08		
4	CTN	FRK 2# GRAN	3	66	14	64		
2	BX	Y P B SOAP	2	75	5	50		
½	CS	LIGHT HOUSE CLEANSER	3	75	1	88		
2	BX	FELS NAP SOAP	3	85	7	70		
3	CTN	LA FRANCE TABLETS		85	2	55	66	98

STATEMENTS.

45. It is customary in business for the bookkeeper, on the first day of each month, to send a statement of account to every person who is indebted to the firm for which the books are kept.

The usual form of statement, which is herewith shown, shows (a) the balance due at the end of the preceding month, if any; (b) the date and the amount of each sale to the person during the month; (c) the date and the amount of each payment received from the person during the month. The sum of the payments made during the month should he subtracted from the total indebtedness and the result will be the net indebtedness on the date on which the statement is issued.

In preparing statements, bear in mind that the first money column is an item column and the second money column a total column. If there is only one debit or only one credit, it goes into the total column only, but if there is more than one debit or more than one credit, the items go into the item column and the total is extended in each case into the total column.

Statements serve a double purpose. First, they show the debtor how the account stands on the creditor's books. It is the business of the bookkeeper when a statement is received, to compare it with his books and if there is any discrepancy to immediately take the matter up with the creditor so as to have the mistake corrected. Second, they call the attention of the debtor to the various items of indebtedness and indicate that the creditor has not forgotten the matter and would be pleased to receive payment if due or when due.

Statements are made up from customers' accounts and of course all posting must be done before the statements are made out. Now, in order not to be overworked at the end of the month and yet to have his statements ready for the mail at the close of business on the last business day before the first of the month, the bookkeeper may begin to prepare his statements at the middle of the month or even earlier. He can at that time write on each statement the date on which the statement is to be issued, the name and address of the customer to whom the statement is to go, and such debits and credits as appear in the account up to that time. Then if these partly made out statements are kept in alphabetic order, or in order according to Ledger folios, depending in any case upon the arrangement of accounts, it will be comparatively easy for the bookkeeper to compare them with the accounts and make such additions as may be necessary two or three days before the end of the month. This will leave very little work to do in order to complete the statements on the last day of the month. As they are completed, they may be handed to the office boy for enclosure in window envelopes, if used, otherwise to one or more rapid typists, according to the number of statements. The addressing of the envelopes may also be done during the month whenever the typists are not occupied with other work. If this advance work can be successfully put through, customers in the same city will receive their statements in the first mail on the first of the month. However, many firms are satisfied if their statements are mailed on the first, second or third of the month.

Now that window envelopes have come into general use, the headings of bills and statements are usually arranged so that the name and address of the customer as written on the bill or statement show through the window of the envelope and this saves the work of addressing envelopes for bills and statements. This is a very great saving to firms that have a large number of bills and statements to mail. When window envelopes are used, the folding and enclosing must be done carefully so that the name and address of the person for whom the bill or statement is intended, show plainly through the window when enclosed in the envelope.

Folio 624 STATEMENT

50-52-54 N. DELAWARE AVE.

Philadelphia, Sept. 1, 19—

McGaw & Co.,

906 S. 21st St.

To **ALFRED LOWRY & BRO.** Dr.

Aug.	6	Mdse.		117 80
		Cr.		
	31	Cash	100	
		Balance		17 30

Statement showing one debit and one credit.

Folio 451 STATEMENT

50-52-54 N. DELAWARE AVE.

Philadelphia, Sept. 1, 19—

Boyer & Co.,

114 German Street.

To **ALFRED LOWRY & BRO.** Dr.

Aug.	1	Per statem't rendered			86
	10	Mdse.	4	80	
	23	"	27	50	33 16
		Cr.			
	28	Cash			20
					13 16

Statement showing several debits and one credit.

Folio 434 STATEMENT

50-52-54 N. DELAWARE AVE.

Philadelphia, Sept. 1, 19—

J. T. Bailey,

2040 N. 2nd St.

To **ALFRED LOWRY & BRO.** Dr.

Aug.	1	Per statem't rendered		108 50
		Cr.		
	10	Cash	20	
	20	"	35	
	30	"	25	80
				28 50

Statement showing one debit and several credits.

Folio 572 STATEMENT

50-52-54 N. DELAWARE AVE.

Philadelphia, Sept. 1, 19—

William Jackson,

217 E. Baltimore St.

To **ALFRED LOWRY & BRO.** Dr.

Aug.	2	Mdse.	117	50	
	14	"	56	30	173 80
		Cr.			
	10	Cash	50	00	
	27	"	67	50	117 50
					55 70

Statement showing more than one debit and more than one credit.

46. The teacher will have each student make out a bill for every bill of goods sold by _____ & Co. in the exercises which follow, and also a statement for each (Student's name)
firm that owes _____ & Co. at the close of business in each set of trans- (Student's name)
actions. If the teacher sees that the student has acquired facility in making out bills and statements before doing all of the work above directed, the student may, at the teacher's option, be excused from part of it.

COLLECTIONS.

47. No business, making sales on account or on any terms other than for cash, will be successful unless proper attention is given to the matter of collections. If the business for which you are keeping books has no regular collection department, it is your business as bookkeeper to see that the accounts due your firm are paid when due. In a great majority of businesses the proprietor is busy with other departments of the business and is apt to overlook the matter of collections to a greater or less extent. The due and past due accounts do not come to his attention daily as they do to the attention of the intelligent bookkeeper in his daily work. By being efficient in the matter of collections, you can make yourself worth a much larger salary to your employer and you are very likely to receive, generally speaking, remuneration in direct proportion to your worth.

If an account is past due, statements sent at intervals of about ten days with rubber stamp imprints, similar to the forms shown herewith, will very frequently bring a remittance or a promise of a remittance. If a firm outside of your own city is believed to be responsible and an account becomes more than one month overdue, a foot-note on your statement to the effect that "If this account is not paid before the____ instant, we will draw on you at sight. If you prefer to make payment by check, kindly have your remittance reach us before that date" will often get the money for you. If it does not, the draft may, and if the draft is sent with a "No protest" notice attached, there is very little expense in connection with this efficient method of making collection of slow accounts.

Often a word or two written on the statement with a pen in the nature of a personal appeal, will bring a remittance or a response.

If all of your personal efforts fail, with the permission of your employer, it may be well to call to your assistance the service of some concern such as the International Creditors' Association, St. Louis, Mo., whose assistance can be had at small cost and who, because of their experience and their methods, will be able to collect many of the accounts that you personally are not able to get.

Collection Rubber Stamps.

PAST DUE!

☞ This account has no doubt, escaped your notice. Will you please favor us with a remittance by return mail and oblige?

SECOND NOTICE!

☞ We have to again remind you of this account which is much overdue and must ask you for an early settlement.

THIRD REQUEST!

☞ Again reminding you of this account which is now much overdue. Please make immediate settlement and thus save further expense and unpleasantness.

WRITTEN TEST NO. 3.

1. What is the general rule for Double Entry Bookeeping?
2. Should the total of all the credits or the total of all the debits in a set of books be the larger?
3. Does the Cash account differ from the accounts kept in the Ledger, and if so, in what way?
4. What is the Cash account kept to show?

5. If there is cash on hand at the time the books are opened, in what two accounts will it appear, and which account will be debited, and which credited?

6. What is the Merchandise account kept to show?

7. If there is merchandise on hand at the time the books are opened, in what two accounts will it appear, and which account will be debited and which credited?

8. What is the Store and Office Fixtures account kept to show?

9. If there are store and office fixtures on hand at the time the books are opened, in what two accounts will they appear, and which account will be debited and which credited?

10. What is the Expense account kept to show?

11. If there are things belonging to the Expense account on hand at the time the books are opened, in what two accounts will they appear, and which account will be debited and which credited?

12. What are accounts with other persons kept to show?

13. If other persons owe the proprietor of the business at the time the books are opened, in what two accounts will that be shown, and which account will be debited and which credited?

14. If the proprietor of the business owes other persons at the time the books are opened, in what two accounts will that be shown, and which account will be debited and which credited?

15. If you buy merchandise for cash, what account is debited, and what account credited? If you buy merchandise on account?

16. If you sell merchandise for cash, what account is debited, and what account credited? If you sell merchandise on account?

17. If you buy store and office fixtures for cash, what account is debited, and what account credited? If you buy them on account?

18. If you sell any of your store and office fixtures for cash, what account is debited, and what account credited? If you sell them on account?

19. If you pay money for rent, fuel, light, salaries, advertising, freight or anything except merchandise or store and office fixtures, what account should be debited and what account credited?

20. If a person who owes the proprietor pays all or part of his indebtedness, to what accounts should entries be made, and which account should be debited and which credited?

22. Are the debits and credits to be made for every transaction always equal to each other?

23. When are books said to balance? Accounts?

24. How can a Trial Balance be taken?

25. For what purpose are Trial Balances taken?

26. If when a Trial Balance is taken, the books do not balance, what does that prove? What must the bookkeeper do in that case?

DIRECTIONS FOR STUDYING THE ILLUSTRATIONS.

48. When the preceding instructions have been so thoroughly mastered that you can answer all of the questions in Test No. 3 correctly, without referring to the book, you may think in what book and how the first entry for each of the transactions in Exercise No. 5 should be made in keeping a complete set of books, and then turn to the Cash Book, pages **40 and 41**, or to the Journal, pages **42 to 44**, and see whether or not the entry is made where, and in the way you thought it should be made.

When you have done as above directed, you should take the Cash Book, pages **40 and 41**, and first look at each debit and think how and where it should be posted. Upon deciding this, you should turn to the Ledger, pages **45 to 49**, and see whether or not the entry is posted in the way and in the place you thought it should be posted. After the debit side of the Cash Book has been finished, you should think out and verify the posting of each item on the credit side of the Cash Book in the same manner.

After finishing the work in the Cash Book, you should take the Journal, pages **42 to 44**, and look at each entry and should think where and how each entry should be posted to the Ledger, and after deciding about each entry, should turn to the Ledger, pages **45 to 49**, and see whether or not it is posted in the place and in the way you thought it should be posted. Verify all Journal debits first, then all Journal credits.

After the above work has deen done, you may take a Trial Balance of the books, pages **40 to 49**, according to the second method described in article 43 and having taken it, may compare same with the trial balance on page **50**.

EXERCISES FOR PRACTICE IN KEEPING BOOKS BY DOUBLE ENTRY.

After you have studied the illustration carefully according to directions, you may make Journal and Cash Book entries for Exercise No. 5 without referring to the illustration and show same to your teacher and if the teacher pronounces the Cash Book and Journal entries correct, you may post same, then take a Trial Balance and submit it to the teacher.

The heading of each personal account in the Ledger must contain the address of the person with whom the account is kept. The accounts with the proprietors of the business are, of course, exceptions to this rule. There is a directory in the back of the book containing the addresses of the persons with whom business is transacted in the following exercises and sets.

After Exercise No. 5 has been finished, you may work out Exercises Nos. 6 and 7 in the same way, submitting Cash Book and Journal entries to the teacher before posting, and a Trial Balance after posting.

EXERCISE NO. 5.

WHOLESALE GROCERY BUSINESS OF_____ & CO.
(Student's name)

JAN. 28, 19—.

Buy of Woolson Spice Co., on account, 100 bbls. granulated sugar, 34,362 lbs. @ 5¼ cents per lb., $1,804.

Sell to Boyer & Co., on account, 10 cases Lion Brand Coffee at $2.50 per case, $25.

Sell to Jordan Stabler Co., on account, 25 bbls. Gambrill's Best Flour at $4.40, $110.

Sell to Reitz Bros. on account, 8 boxes Ivory Soap (large size) at $6 per box, $48.

Sell to Bryant & Clarvoe on account, 12 cases Quaker Oats, 24 packages to the case, at $2.25, $27.

JAN. 29.

Sell Gold Bros., on account, 30 bbls. Gambrill's Best Flour at $4.40, $132.

Sell Boyer & Co., 15 cases Eagle Brand Tomatoes, 24 cans to the case, at $1.50 per case, $22.50.

Sell Jordan Stabler Co., on account, 20 bbls. granulated sugar, weight 6,851 lbs., at 5¼ cents per lb., $393.93.

JAN. 30.

Sell to John T. Bailey for cash, 12 bbls. Gambrill's Best Flour at $4.40, $52.80.

Receive from Jordan Stabler Co., check for $503.93.

Buy 10 bu. oats (for the horse) at 42 cents per bu., $4.20.

Pay for repairs to elevator, $4.60.

Pay for shoeing horse, $2.25.

Sell to Wm. Jackson, on account, 5 bbls. granulated sugar, weighing respectively 337, 353, 340, 344, and 342 lbs., at 5¾ cents per lb., $98.67, and 6 bbls. Gambrill's Best Flour at $4.40 per bbl., $26,40, total $125.07.

Sell to F. W. Johnson on account, 100 lbs. California Evaporated Peaches at 12 cents per lb., $12; and 10 cases Eagle Brand Corn, 24 cans to the case, at $1.50 per case, $15, total $27.

Pay for putting some new shelving in store, $15.35.

JAN. 31.

Sell Reitz Bros. on account, 6 bbls. Goldenrod Syrup, containing respectively 48, 55, 57, 45, 50 and 53 gals. total 308 gals., at 32 cents per gal., $98.56.

Buy from C. A. Gambrill Mfg. Co., on account, 200 bbls. Gambrill's Best Flour at $4 per bbl., $800.

Sell to Gold Bros. on account, 3 bbls. cider vinegar at $2.52 per bbl., $7.56.

Pay for repairs to wagon, $3.25.

Buy of National Biscuit Co., on account, 300 cases Uneeda Biscuit at $1.75 per case, $525.00.

FEB. 1.

Sell Maynadier & Co., on account, 25 cases Uneeda Biscuit at $2 per case, $50.

Sell Snare & Miley for cash, 2 bbls. granulated sugar, 686 lbs., at 5¾ cents per lb., $39.45.

Buy 5 bu. corn for horse at 52 cents per bu., $2.60.

Sell Percy M. Reese, on account, 500 lbs. mixed Mocha & Java Coffee at 30 cents per lb., $150.

Buy 2 bales of hay for horse at $1.10 per bale, $2.20.

FEB. 2.

Send National Biscuit Co., on %, check for $100.

Pay gas bill for January $12.25.

Receive from Reitz Bros., check for $125.

Receive from Boyer & Co., check for $22.50 for bill of Jan. 29.

Buy from J. A. Edmondson & Son, for cash, groceries amounting to $326.84.

Sell Bryant & Clarvoe, on account, 2 doz. cases Eagle Brand Corn at $1.50 per case, $36.

Buy from Woolson Spice Co., on account, 100 cases Lion Brand Coffee, $2.12½ per case, $212.50.

Buy from C. A. Gambrill Mfg. Co., 50 bbls. Superior Family Flour at $3.75 per bbl., $187.50.

Sell Snyder & Co., on account, 3 bbls. granulated sugar, weighing 339, 346, 336 lbs., total 1,021 lbs., at 5¾ cents per lb., $58.71.

Sell to Gold Bros. on account, 6 bbls. Gambrill's Best Flour at $4.40 per bbl., $26.40.

Sell to Reitz Bros. on account, 15 cases Uneeda Biscuit at $2 per case, $30.

Pay for advertisement in the "Inquirer" $14.50; for 5 tons coal, $23. For bill of stationery, $6.25. For insurance, 3 years premium on $10,000 Md. Fire Insurance Co., $60.

Cash

19–						
Jan	30	45	Mdse	12 bbls. Gem Best Flour @ 4.40	52.80	
		47	Jordan Stable Co	in full	50.93	
Feb	1	43	Mdse	2 bbls. gran. sugar, 606 lbs @ 5¾¢	39.45	
	2	46	Kirby Bros	on acct	125.—	
		46	Boyer & Co	bill of 1/21	22.50	743.68
						743.68
Feb	3		Balance			166.39

Cash

19—

Jan	30	46	Expense	10 bu. oats @ 42¢	4 20		
		46	Expense	repairs to elevator	4 60		
		46	Expense	shoeing horse	2 25		
		45	Store & Office Fix	putting in new shelves	15 35		
		46	Expense	repairs to wagon	3 25		
Feb	1	46	Expense	5 bu. corn for horse @ 32¢	2 60		
		46	Expense	2 bales hay for horse @ 1.10	2 20		
	2	47	Natl. Biscuit Co.	on acct	100 —		
		46	Expense	gas bill for January	12 25		
		45	Mdse	groceries	326 84		
		46	Expense	ad in Inquirer	14 50		
		46	Expense	5 tons coal	23 —		
		46	Expense	stationery	6 25		
		46	Expense	policy in Md. Fire Ins Co. 3 yrs 10000	60		
							577 29
			Balance				166 39
							743 68

Philadelphia, Jan. 28, 19—

45	Mdse		180 44 —	
49	Woolson Spice Co			180 44 —
	100 bbls. gran. sugar, 344362 lbs	@ 5¼¢		
46	Boyer & Co		25 —	
45	Mdse			25 —
	10 cases Lion Brand Coffee	@ 2.50		
47	Jordan, Stabler Co		110 —	
45	Mdse			110 —
	25 bbls Gam Flour	@ 4.40		
46	Rentz Bros		48 —	
45	Mdse			48 —
	8 boxes Ivory Soap	@ 6.—		
47	Bryant & Clarvoe		27 —	
45	Mdse			27 —
	12 cases Quaker Oats, 24 pkgs to case	@ 225.		
	29			
47	Gold Bros		132 —	
45	Mdse			132 —
	30 bbls Gam Best Flour	@ 4 40		
46	Boyer & Co		22 50	
45	Mdse			22 50
	15 cases tomatoes, 24 cans to case	@ 1.50		
47	Jordan, Stabler Co		393 93	
45	Mdse			393 93
	20 bbls gran. sugar 6851 lbs	@ 5¾¢		

Philadelphia Jan 30 19—

48	William Jackson		125 07	
45	Mdse			125 07
	5 bbls gran. sugar, 1716 lbs.,	@ 5¾ 98.67		
	6 bbls Gam. Best Flour	@ 4.40 26 40		
48	F. W. Johnson		27 —	
45	Mdse			27 —
	100 lbs evaporated peaches	@ 12¢ 12.—		
	10 cases Eagle Brand Corn	@ 150 15.—		
	31			
46	Reitz Bros		98 56	
45	Mdse			98 56
	6 bbls Goldenrod Syrup, 308 gal.	@ 32¢		
45	Mdse		800 —	
48	C. A. Gambrill Mfg. Co			800 —
	200 bbls. Gam Best Flour	@ 4.—		
47	Gold Bros		7 56	
45	Mdse			7 56
	3 bbls cider vinegar			
45	Mdse		525 —	
47	National Biscuit Co			525 —
	300 cases Uneeda Biscuit	@ 1.75		
	February 1			
48	Marmadier & Co		50 —	
45	Mdse			50 —
	25 cases Uneeda Biscuit	@ 2.—		

Philadelphia, Feb. 1, 19—

49	Percy M. Reese		150—	
45	Mdse			150—
	500 cases Mocha & Java Coffee	@ 30¢		
	2			
47	Bryant & Clarke		36—	
45	Mdse			36—
	2 doz Eagle Brand Corn	@ 1.50		
45	Mdse		212 50	
49	Woolson Spice Co			212 50
	100 cases Lion Brand Coffee	@ 21 2½		
45	Mdse		187 50	
48	A. Gambrill Mfg Co			187 50
	50 bbls Superior Family Flour	@ 3.75		
49	Snyder & Co		58 71	
45	Mdse			58 71
	3 bbls gran. sugar 339, 346, 336	total		
	1021 lbs	@ 5 ¾¢		
47	Gold Bros		26 40	
45	Mdse			26 40
	6 bbls Gem Best Flour	@ 4.40		
46	Reitz Bros		30—	
45	Mdse			30—
	15 cases Uneeda Biscuit	@ 2.—		

Merchandise

19–				19–			
Jan	28	42	1804—	Jan	28	42	25—
	31	43	800—				110—
			525—				48—
Feb	2	41	32684				27—
		44	21250		29		132—
			18750				22250
						43	39393
					30	40	5280
						43	12507
							27—
					31		9856
							756
				Feb	1	40	3945
						44	50—
							150—
					2		36—
							5871
							2640
							30—

Store & Office Fixtures

19–			
Jan	30	41	1535

Expense

19–								
Jan	28		41	4 20				
				4 60				
				2 25				
				3 25				
Feb	1			2 60				
				2 20				
	2			12 25				
				14 50				
				23 –				
				6 25				
				60				

Reitz Bros 416 W Lexington St

19–					19–			
Jan	28		42	48 –	Feb	2	40	125 –
	31		43	98 56				
				30				

Boyer & Co 114 German St

19–					19–			
Jan	28		42	25 –	Feb	2	40	22 50
	29			22 50				

Bryant & Clarvoe — 2801 N. Lee St.

19–							
Jan	28		42	27 —			
Feb	2			36 —			

National Biscuit Co — 1301 Glenwood Ave

19–				19–			
Feb	2		41	100 —	Jan 31	43	525 —

Jordan Stables Co — 318 N Charles St

19–				19–			
Jan	28		42	110 —	Jan 30	40	50393
	29		43	39393			

Gold Bros — 323 W Saratoga St

19–							
Jan	24		42	132 —			
	31		43	756			
Feb	2		44	2640			

William Jackson E Baltimore St

19—

Jan 30 | 43 | 125 07

F W Johnson Baltimore

19—

Jan 30 | 43 | 27—

C A Gambrill Mfg Co Baltimore

19—

Jan 31 | 43 | 800—

Feb 2 | 44 | 187 50

Maynadier & Co 1444 N Howard St

19—

Feb 1 | 44 | 50—

Percy M Reese 1115 N Charles St

19–							
Feb	1		44	150 —			

Woolson Spice Co Toledo Ohio

19–							
Jan	28					42	1804 —
Feb	2					44	21250

Snyder & Co 350 W. Mulberry St

19–							
Feb	2		44	5871			

Trial Balance - Second Method

	Cash	16639	
45	Merchandise	239586	
	Store & Office Fixtures	1535	
46	Expense	13510	
	Reitz Bros	5156	
	Boyer & Co	25—	
47	Bryant & Clarroe	63—	
	National Biscuit Co.		425—
	Gold Bros	16596	
48	William Jackson	12307	
	F. W. Johnson	27—	
	C. A. Gambrill Mfg Co.		98750
	Maynadier & Co	50—	
49	Percy M Reese	150—	
	Woolson Spice Co		201650
	Snyder & Co	5871	3429
		3429—	3429—

EXERCISE NO. 6.

WHOLESALE HARDWARE BUSINESS OF _____ & CO.
(Student's name)

FEB. 4, 19—.

Buy from the National Tool & Stamping Co., on account, 10 30 in. Excelsior Horse Mowers at $110.00 and 2 doz. engineers' wrenches at $19.20, total $1,138.40.

Sell to Marshall, Wescoat & Co., on account, 25 doz. heavy communicating door locks, at $24.00, 12 doz. vestibule latches, at $20.00, and 1 gross window catches at $26.86, total $866.86.

Sell to Samuel Emmert, on account, 25 doz. porcelain door knobs, at $3.00, and 1 doz. bell pulls, at $8.19, total $83.19.

Receive from Marshall, Wescoat & Co., $862.63.

Pay gas bill for Jan., $10.00.

Sell to Young Bros., on account, 3 doz. sliding door locks, at $18.00, and 1 doz. wood door knobs, at $4.57, total $58.57.

Sell to J. H. Constantine, on account, 1 doz. large door pulls and plates, at $65.35 and 4 doz. coat hooks, at $5.00, total $85.35.

Pay for new counters, $35.00.

Pay rent for Feb., $125.00.

FEB. 5.

Sell to J. R. M. Adams, for cash, 4 doz. wrought iron padlocks, at $7.84, $31.36.

Buy from Frank B. Sloan & Co., on account, 4 doz. Gem Food Choppers, at $28.10, $112.40.

Pay for repairs to wagon, $5.00.

Sell to Miles Hdwe. Co., on account, 12 doz. blacksmiths' hammers, at $30.00, 10 doz. Western Cow Bells, at $11.50, and 1 doz. awning pulleys, at $2.38, total $477.38.

Pay subscription to "Hardware Journal," $3.00.

Pay for shoeing horse, $1.25.

Sell Frank Beall & Co., on account, 2 doz. rip saws, at $46.80, $93.60.

Buy from Henry Disston's Sons, for cash, 1 gross saws, (special) at $158.40.

Sell to C. C. Pursey & Co., on account, 1 doz. umbrella stands, at $59.95.

Pay National Tool & Stamping Co., $324.63.

Receive from Samuel Emmert, check for $54.18.

Buy from Francis Albert & Co., on account, 1 gross double pointed tacks, at $14.86.

Receive from Miles Hardware Co., check for $384.25.

FEB. 6.

Pay for 5 bus. oats for horse, at 42¢ per bu., $2.10.

Sell to C. S. Pitcher & Co., on account, 1–25 in. Excelsior Horse Mower at $56.55.

Receive from Young Bros., $26.15.

Receive from J. R. M. Adams, $30.75.

Pay Henry Disston's Sons, $142.60.

Sell to Union Hardware Co., on account, 4 bench vises, at $10.00, 1 jack screw, at $6.90, total $46.90.

Receive from Frank Beall & Co., on account, check for $64.50.

Sell to Cumberland Hdwe. Co., on account, 10 doz. mortise door bolts, flat fronts, at $36.00, and 2 gross cupboard casters, at $17.31, total $394.62.

Buy 5 bales hay for horse, at $1.22½ per bale, $6.13.

FEB. 7.

Send Frank B. Sloan & Co., check for $74.25.

Buy from Maryland Hinge Co., on account, 1 doz. store door handles at $29.87.

Receive from C. C. Pursey & Co., check for $32.65.

Sell to A. B. Cochran & Co., for cash, 3 doz. natural finish communicating door locks, at $24.17, $72.51.

Buy from Francis Albert & Co., on account, 6 doz. push buttons, at $10.50, and 1 gross doo keys, at $9.78, total $72.78.

Buy from Wm. Cole & Sons, for cash, 8 doz. wire pliers, at $15.00 and 1 doz. levels, at $12.23, total $132.23.

EXERCISE NO. 7.

WHOLESALE DRUG BUSINESS OF _____ & CO.
(Student's name)

FEB. 8, 19—.

Buy from Hance Bros. & Wight, on account, 10 gross bottles Ammonia at $9, 12 gross bottles Laudanum at $10, 25 gross Chlorate of Potash Tablets at $9, 4 doz. Mother's Gelatine at $18, 1 gross bottles Syrup of Ipecac, at $9.50, total $516.50.

Sell to John D. Singer, on a/c, 25 doz. bottles White Solution Carbolic Acid at $2, 100 lbs. Lump Copperas at 2¢, total $52.

Sell to C. R. Myers, for cash, drugs amounting to $250.00.

Pay for advertisement in "Bulletin," $12.

Sell to Double & Co., on a/c, 24 doz. bottles Hydrogen Dioxide at $6.00, 75 doz. boxes Insect Powder at 75¢, 2 doz. bottles Laudanum at $5.09, total $210.43.

Pay rent for Feb., $175.

Sell to Oliver P. Robinson, on a/c, 1 gross bottles Spirits of Camphor, at $9, 4 doz. bottles Spirits of Nitre at 75¢, total $12.

Pay for labels, $3.50.

Sell to Jefferson D. Fore, on a/c, 4 doz. Allcock's Porous Plasters, at $1.15, 3 gross Corn Plasters at $9, total $31.60.

Buy of Muth Bros. & Co., on a/c, 10 doz. pkgs. Epsom Salts, at 36¢, 60 doz. pkgs. Canary Seed at 75¢, 2 gross Bunion Plasters, $6.50, total $61.60.

Sell to Chas. A. Brooks, on a/c, drugs amounting to $331.20.

FEB. 9.

Receive from Double & Co., check for $182.68 on account.

Send check to Hance Bros. & Wight, $126.75 on account.

Sell to S. S. Davis, on a/c, 100 doz. Seidlitz Powders at $2.00, 100 rolls Belladona Porous Plasters, at $1.00, total $300.

Buy of Wyeth Bros., on a/c, 38½ doz. bottles Carbolic Acid at $1.00, $38.50, 50 doz. bottles Hydrogen Dioxide at $6.00, $300, total $338.50.

Sell to A. O. Pilson, on a/c, 24 grosss bottles Paregoric at $9.00, $216.

Pay for show case, $35.

Sell to T. E. Zimmerman & Co., on a/c, 1 gross bottles Laudanum $7.60, 15 doz. bottles Hydrogen Dioxide at $8.00, $120, total $127.60.

Sell to D. C. Auginbaugh & Son for cash, 1 gross bottles Calomel, $5.27, 25 doz. boxes Seidlitz Powders at $2.00, $50.00, total $55.27.

Pay for 3 tons coal, $18.75.

Sell L. N. Meadows, on %, 1 gross bottles Ipecac at $8.15, 100 doz. bottles Witch Hazel at $1.40, $140.00, total $148.15.

Pay for washing and oiling floors, $8.00.

Receive from Chas. A. Brooks, check for $250.25.

Pay clerks for week ending Feb. 9, $84.

FEB. 11.

Buy from Muth Bros. & Co., for cash, 20 doz. bottles Balsam Copaiba at $9.27, $185.40.

Sell Ezekiel Forman, on %, 1 gal. Witch Hazel, $1.10, 40 doz. boxes Cox's Gelatine at $2.00, $80, total $81.10.

Buy from Heckerman & Son, for cash, drugs amounting to $132.40.

Receive from Oliver P. Robinson, check for $12.

Pay for repairing store room, $85.25.

Sell to John D. Stotlemeyer, on %, 100 doz. pkgs. Senna Leaves, at 37½¢, $37.50.

Receive from A. O. Pilson, $213.63.

Pay subscription to "Druggist's Journal," $3.50.

Sell to Wm. Stewart, on %, 25 doz. boxes Cox's Gelatine, at $2.00, $50, 1 gal. Bay Rum, $2.75, total $52.75.

FEB. 12.

Receive from Ezekiel Forman, check for $32.50.

Pay for stationery and postage, $5.38.

Buy from Sharp & Dohme, on account, 100 doz. 1 lb. bottles Hydrogen Dioxide, at $6.00, $600, 100 doz. ¼ lb. bottles Hydrogen Dioxide at $2.00, $200, 4 gross Oil of Cloves at $9.15, $36.60, total $836.60.

Receive from Jefferson D. Fore, check for $23.98.

Sell to Robert Rose, on %, 40 doz. cans Insect Powder at $1.00, $40, 1 doz. bottles Carbolic Acid at $1.90, total $41.90.

Receive from S. S. Davis, check for $250.00.

Pay for Cash register, $165.00.

Sell to Hall, Atkinson & Co., on %, 10 cartons Quinine Pills at $1.54, $15.40, 5 gross bottles Paregoric No. 5, at $4.00, $20, total $35.40.

Pay for packing cases $43.00.

Receive from T. E. Zimmerman & Co., check for $116.32.

Pay for Underwood typewriter $100.

Receive from Wm. Stewart, $43.66.

Pay for office desk, $22, and for 1000 circulars, $5.

49. WRIGHT'S RULES FOR FINDING TRIAL BALANCE ERRORS.

1. Add both sides of the trial balance again to see whether the error is in the addition.

2. Find the exact difference between the sides of the trial balance and note whether the excess is a debit or a credit.

3. Whenever you locate an error, make the necessary correction in all of the books affected and on the trial balance and determine whether the correction of the error found increases or diminishes the difference between the sides of the trial balance. If the correction of the error **increases** the difference between the sides of the trial balance, **add the amount of the error** to the difference you already have, but if the correction of the error **diminishes** the difference between the sides of the trial balance, **subtract the amount of the error** from the difference you already have, to see exactly how much your trial balance is still out of balance. Doing this will save you the necessity of re-adding both sides of the trial balance every time a mistake is found. The difference between the sides of the trial balance will become zero when all of the errors have been found.

4. Glance through the Ledger to see whether any account with a balance equal to the error has been missed in writing up the trial balance.

5. Glance through the Cash Book, Journal and other books of original entry to see whether an amount equal to the error has been missed in posting. If the credit side of the trial balance is the larger, look for the amount among the debits in the books of original entry and vice versa.

6. If the amount of the error is divisible by two, look for a sum equal to one-half of it in the trial balance, and if you find such a sum in the trial balance, look and see whether that sum has been carried from the Ledger to the wrong side of the trial balance. Look, also, through the books of original entry for an amount equal to one-half of the error and if you find such an amount, see whether it has been posted to the wrong side of the Ledger.

7. If the amount of the error is divisible by either nine or eleven, look for a transposition or a transplacement of figures made in carrying some balance from the Ledger to the trial balance.

8. Add again both sides of the Cash Book and all special columns, being careful to see that all footings are correctly carried forward from page to page, and that all special column totals are properly posted to the Ledger. Be on the lookout for transposition or transplacement of figures in both forwarding and posting.

9. Add again both sides of all accounts in the Ledger, seeing in each case that the subtraction of the smaller side of the account from the larger side of the account has been correctly performed and that the correct balance has been carried to the proper side of the trial balance. As this is done, place a small dot or check mark to the left of the balance on each account where it appears in the Ledger, and to the left of the same number on the trial balance.

10. As a last resort, review all of the posting from the Journal, Cash Book, etc., to the Ledger. Make a small dot or a check mark on the first double red line to the left of the number in both books every time you find an amount correctly posted. This double checking is the only sure way to locate numbers that have been posted twice.

11. If, after having done all of the things mentioned above, your trial balance is still out of balance, begin at the beginning and do them all over again. Whenever you have done everything right, your books must balance,—they can not help it. If you have made a mistake, you must find it, and you can find it if you will hunt patiently and persistently for it. You will never be a good bookkeeper until you can find any mistake that you may make, so never give up. The confidence in your own ability that will come to you when you prove to yourself that you can find all of your own mistakes, will be worth to you many times what it will cost you in time and labor to prove this. Stick to it and win.

OPENING BOOKS.

50. In opening a new set of books, the first thing to do is to take a sheet of paper and make out a statement of the Resources and the Liabilities of the person for whom or the business for which the books are to be opened. If the business is a partnership, a separate statement should be made for each partner, showing just what resources and what liabilities the partner brings into the business. The difference between the resources and the liabilities brought into the business by any partner, is the Net Investment of that partner. The preliminary statement or statements having been made, an entry should be made in the Journal showing the resources and the liabilities that are to constitute a part of the business at the time the books are opened. Remember that the difference between the resources and the liabilities is the **net investment,** and the net investment or each net investment should appear in the credit column of the Journal to balance the excess of the resources over the liabilities.

The form of a Journal entry for the opening of a set of books will be found illustrated on page **59.** Study that illustration.

(**Resources** are things of value, such as—Cash, Merchandise, Store and Office Fixtures, Machinery and other equipment, Teams, Automobiles, Real Estate, Notes Receivable and Accounts Receivable. **Liabilities** are debts, such as Notes Payable and Accounts Payable.)

In posting the opening Journal entry, the cash that forms part or all of the investment will, of course, be posted to the debit side of the Cash Book, or Cash account. It is Cash on hand. (See page **60.**)

If a stock of merchandise forms part of the resources, the value of the stock, as stated in the Journal entry, will, of course, be posted to the debit side of the Merchandise account. It is Merchandise on hand, per inventory.

If store and office fixtures on hand form part of the resources, the Store and Office Fixtures account will be debited with their value as shown in the Journal entry. They are Store and Office Fixtures on hand, per inventory.

If things which would properly belong to the Expense account, are part of the resources, the Expense account will be debited with the value of such things on hand as shown in the Journal entry, as Expense items, per inventory.

If some personal accounts owed to the person or firm for whom the books are opened, appear in the Journal entry as part of the resources, accounts with the persons will, of course, be opened in the Ledger and debited with the amounts owed.

If accounts owed by the person or firm the books are being opened for appear in this Journal entry among the liabilities, accounts will be opened in the Ledger with the persons and will be credited with the respective amounts shown by the Journal entry to be owed to them.

When all of the resources of the firm, as shown by the opening Journal entry, have been posted to the debit side of the proper accounts, and all of the liabilities, as shown by the opening Journal entry, except the net investment, have been posted to the credit side of the proper accounts, if a Trial Balance is taken, the Trial Balance will show the total of the debits to be in excess of the total of the credits just the amount of the net investment as previously figured in making the preliminary statement. To off-set this excess in debits, and to show how much is invested in the business, a Stock account must be opened and credited for the amount of the net investment. In the case of a partnership, a Stock account should be opened for each partner and credited with the amount of the partner's net investment. When the net investment or net investments have been credited the books will balance, and may be kept in balance by following the rule previously learned for Double Entry Bookkeeping; namely—"Whenever you debit any account, credit some other account or accounts for the same amount and whenever you credit any account, debit some other account or accounts for the same amount." After opening a set of books, always take a Trial Balance in order to be sure that the books balance before proceeding to make entries for business transactions.

THE STOCK ACCOUNTS.

51. Previous to this lesson there has been no instruction given for the keeping of the Stock account, or Stock accounts. As has just been mentioned, the Stock account is kept to show how much is invested in the business.

When a person opens a business, the natural way to do would be to give him credit for all of the resources he invests in the business and to debit him for all of his liabilities which the business assumes. Then, the difference between the sides of his account, that is, the difference between the resources and the liabilities that he brings into the business, would be the amount actually invested by him in the business; but instead of crediting him with his resources and debiting him with his liabilities, we simply give him credit for the difference between his resources and his liabilities (which amounts to the same thing), and term that his Net Investment.

If the business for which the books are kept is owned by one person, there will be only one Stock account and sometimes where a business is owned by two or more partners, only one Stock account is kept, and it shows the entire investment, but usually a separate Stock account is kept for each member of the firm when a business is owned by more than one person, and in that event, each person's Stock account goes by his own name, with the words "Stock Account" added, and shows his Net Investment.

If there is but one Stock account, it is sometimes kept under the heading "Capital" or under the name of the firm instead of under the heading "Stock Account," but no matter under what heading it is kept, it is kept for the same purpose and in the same way.

As has been stated above, a Stock account for the firm or a separate Stock account for each member of the firm is opened when the books are opened, and at that time the Stock account is credited with the Net Investment of the person for whom it is kept.

If at any time the person for whom the Stock account is kept withdraws any of the capital he has invested in the business, his Stock account should be debited for the amount of the capital withdrawn and cash, or any other account representing what he withdraws, should be credited for the same amount.

If at any time the person makes any additional investment in the business, his Stock account should be credited for the additional investment and cash or any other account representing what he invests, should be debited for the same amount.

Unless the person for whom the Stock account is kept either invests more money in the business or withdraws part of what he has previously invested, there is no occasion to make any entry to the Stock account until the books are closed. The Stock account stands on the books simply showing the amount the person for whom it is kept has invested in the business.

For an illustration of Stock accounts, see page 62. The entries there are posted from the Journal, page 59.

WRITTEN TEST NO. 4.

1. When you wish to open a set of books, what should be done first?
2. Where should the first entry be made, and of what should it consist?
3. The resources invested in the business should be posted to which side of the accounts to which they belong? Why?
4. The liabilities invested in the business should be posted to which side of the accounts to which they belong? Why?
5. How is the net investment of a person who invests both resources and liabilities found?
6. For what should the Stock account of each member of the firm be credited?
7. If cash forms all or part of his investment, to which side of the Cash Book would it be posted, and how would the entry in the Cash Book be balanced, equalized or off-set?
8. If a stock of merchandise forms part of the investment, to which side of the Merchandise account would it be posted, and how would the entry to the Merchandise account be balanced?

9. If store and office fixtures form part of the investment, to which side of the Store and Office Fixtures account would their value be posted, and how would the entry to the Store and Office Fixtures account be balanced?

10. If some personal accounts due one of the firm form part of his investment, in what accounts would they appear, and how would the entries be made?

11. If some personal accounts owed by one of the firm form part of the liabilities he invests in the business, in what accounts would they appear, and how would the entries be made?

12. When all of the entries have been made for opening a set of books, for what purpose should a Trial Balance be taken?

13. If the books do not balance after all of the entries for opening a set of books have been made, what does that prove? What must be done in that event?

14. What are Stock accounts kept for, and how many of them should be kept in each set of books?

15. When should Stock accounts be credited, and for how much?

16. When should Stock accounts be debited, and for how much?

17. What does the Stock account for each member of the firm show?

EXERCISES FOR PRACTICE IN OPENING BOOKS.

When you can answer satisfactorily all of the questions in Test No. 4, and know how to keep Stock accounts, and how to make the entries for opening a set of books, think how you would make the Journal entries for opening a set of books for the Hardware Business of _____ & Trader, Exercise No. 8, then after thinking how you would make each entry, turn to the Journal, page **59**, and see whether it is made just as you thought it should be. When you have thought out all of the Journal entries, and verified them, turn to the Journal and look at each item and think how and where it should be posted, referring to the Ledger, pages **62** to **66**, after deciding about each item, to see whether or not it is posted just where and in the way you thought it should be posted. After having thought out and verified all of the postings, take a Trial Balance and see whether the books balance, and whether you are ready to proceed with the recording of all transactions according to the principles of Double Entry Bookkeeping.

(Student's name)

After the above work has been done, the student may open a set of books for the Hardware Business of _____ & Trader, without referring to the illustration, and after the books have been opened, may take a Trial Balance and submit the work to the teacher, after which Exercises Nos. 9, 10, and 11 may be written up and submitted.

(Student's name)

EXERCISE NO. 8.

HARDWARE BUSINESS.

_____ & A. E. Trader enter into partnership, January 1, 19—, to conduct a Wholesale Hardware Business, the firm to be known as _____ & Trader. Gains and losses to be shared equally.

(Student's name)

(Student's name)

_____ invests cash, $5,000.

(Student's name)

A. E. Trader, who has been conducting the business heretofore, invests cash, 506.17; Mdse., per inventory, $3,324.81; Store and Office Fixtures, $225; Accounts due him as follows: Miles Hdwe. Co., $476.27; Marshall, Wescoat & Co., $362.45; Sam'l Emmert, $572.72; Young Bros., $410.25; J. H. Constantine, $398.07; Union Hdwe. Co., $272.50; J. R. M. Adams, $315.30; Frank Beall & Co., $405; Pursey & Co., $257.55. Accounts owed by him, as follows: National Tool & Stamping Co., $789.83; Maryland Hinge Co., $592.65; Frank B. Sloan & Co., $342.18; Wm. H. Cole & Son, $425.50; Francis Albert & Co., $375.93.

EXERCISE NO. 9.

DRUG BUSINESS.

_____ (Student's name) and A. E. Trader enter into partnership, Feb. 1, 19—, to conduct a Wholesale Drug Business; firm to be known as _____ (Student's name) & Trader; gains and losses to be shared equally.

_____ (Student's name) invests cash, $6,000.

A. E. Trader, who has been conducting the business heretofore, invests in cash, $426.70; Mdse., as per inventory, $3,846.27; Store and Office Fixtures, $315; Accounts due him as follows: Double & Co., $172.25; S. S. Davis, $375.60; Oliver P. Robinson, $272.15; Jefferson D. Fore, $132.38; Charles H. Brooke, $362.75; Ezekiel Forman, $154.48; A. O. Pilson, $372.63; T. E. Zimmerman & Co., $263.72; D. C. Aughinbaugh & Son, $184.89; L. N. Meadows & Co., $323.65; Hall, Atkinson & Co., $173.21; and Accounts owed by him as follows: Wyeth Bros., $342.37; Gilbert Bros., $345.65; Sharp & Dohme, $185.87; Hance Bros. & Wight, $285.34; Muth Bros. & Co., $216.45.

EXERCISE NO. 10.

GENERAL STORE.

_____ (Student's name) and A. E. Trader enter into partnership, March 1, 19—, to conduct a retail business in a general store. Firm to be known as _____ (Student's name) & Trader. Gains and losses to be shared equally.

_____ (Student's name) invests cash, $1,750.

A. E. Trader, who has been conducting the business heretofore, invests in cash $314.29; Mdse., $1,425.73; Store and Office Fixtures, $150; Accounts due him as follows: John Lange, $25; Sarah Dennison, $6.75; G. H. Terrell, $10.25; W. S. Barnes, $9.72; Mrs. J. B. Reed, $12.40; Louis P. Doub, $8.72; L. B. Durant, $20.15; William Wilson, $10.05; W. S. West, $12.42; James Beall, $12.72; Frank Jones, $18.68; Mrs. Jas. Stotlemeyer, $7.23; George F. Crawford, $25; Samuel Wright, $75; Mrs. Emma G. Crawford, $18.75; Jos. L. Purcell, $10.95; John D. Powell, $40.31; George W. Baker, $32.05; David C. Hensell, $7.23; Mrs. John Harris, $12.75; Accounts owed by him as follows: Silberman & Todes, $125.; D. M. Crabill, $20.75; Stickley Milling Co., $172.25; Baltimore Bargain House, $225.15.

EXERCISE NO. 11.

GROCERY BUSINESS.

_____ (Student's name) and A. E. Trader enter into partnership, April 1, 19—, to conduct a wholesale grocery business, firm to be known as _____ (Student's name) & Co. Two-thirds of the gains or losses are to be received or borne by _____ (Student's name) and one-third by A. E. Trader.

_____ (Student's name) invests cash, $1,050; Mdse., $5,400; Store and Office Fixtures, $840; Accounts due him as follows: Boyer & Co., $450.50; Miller & Hartman, $253.60; and L. W. Johnson, $165.40. Accounts owed by him as follows: National Biscuit Co., $960; and C. A. Gambrill Mfg. Co., $1,009.50.

A. E. Trader invests cash, $1,000; Mdse., $3,500; the following account due him: Oscar Bear, $242.56; and the following accounts which he owes: Thos. G. Cranwell & Co., $1,700; and Woolson Spice Co., $42.56.

Philadelphia, Jan. 1, 19—

(Students Name) and A. E. Trader have this day entered into partnership for the purpose of conducting a Wholesale Hardware Business. The style of the firm name is to be (Students Name) & Trader. The gains and losses are to be shared equally. The investments are as follows:

	(Students Name) Investment		
60	(Students Name) Cash Dr	5000—	
62	(Students Name) Stock Acct		5000—
	A. E. Trader's Investment		
	Resources		
60	Cash, balance on hand	50617	
62	Mdse, on hand as per inventory	332481	
62	Store & Office Fixtures, per inventory	225—	
63	Miles Hardware Co	47627	
63	Marshall, Vescoat & Co	36245	
63	Samuel Emmert	57272	
63	Young Bros	41025	
64	J. H. Constantine	39807	
64	Union Hardware Co	27250	
64	J. R. M. Adams	31530	
64	Frank Beall & Co	405—	
65	Pursey & Co	25755	
	Liabilities		
65	National Tool & Stamping Co		78983
65	Maryland Hinge Co		59265
65	Frank B. Sloan & Co		34218
66	William H. Cole & Son		42550
66	Francis Albert & Co		37593
62	A. E. Trader's Stk. Acct. Net Investmt		5000—
		752609	752609

Cash

1.9–

Jan 1		(Students Name) A. E. Trader	Investment		5000	–	
			Cash on hand		506	17	

Cash

(Students Name) Stock

			19–			
			Jan 1	Investment	59	5000–

A. E. Frazier, Stock

			19–			
			Jan 1	Net Investmt	59	5000–

Merchandise

19–						
Jan 1	Per Invt		59	3324 81		

Store & Office Fixtures

19–						
Jan 1	Per Invt		59	225–		

Miles Hardware Co 1213 Filbert St

19–				
Jan 1	Balance	59	47627	

Marshall, Vescoat & Co Columbia, S.C.

19–				
Jan 1	Balance	59	362445	

Samuel Emmert Concord, S.C.

19–				
Jan 1	Balance	59	57272	

Young Bros Danville, Va.

19–				
Jan 1	Balance	59	41028	

J. H. Constantine 1718 Vine St

19-
Jan 1 Balance 59 39807

Union Hardware Co Union, S.C.

19-
Jan 1 Balance 59 27250

J R. McAdams 524 Girard Ave

19-
Jan 1 Balance 59 31530

Frank Beall & Co Hancock, Md

19-
Jan 1 Balance 59 405-

Pursey & Co Richmond, Va

19–							
Jan 1	Balance	59	257 55				

National Tool & Stamping Co Harrisburg Pa

19–							
				Jan 1	Balance	59	789 83

Maryland Vinge Co Baltimore

19–							
				Jan 1	Balance	59	592 65

Frank C. Sloan & Co. 421 Arch St.

19–							
				Jan 1	Balance	59	342 18

Wm H. Cole & Son 1332 South St

19–

Jan 1 Balance 59 425 50

Frances Albert & Co 1006 Arch St

19–

Jan 1 Balance 59 375 93

PRIVATE ACCOUNTS.

52. The student may now open and keep a set of books for the wholesale Grocery Business of _____ & Trader. The firm is composed of _____ & A. E. Trader, who
(Student's name) (Student's name)
have invested equal amounts and are to share the gains and losses equally. The accounts to be kept are,—a Stock account for each member of the firm, a Cash account, a Merchandise account, a Store and Office Fixtures account, the various Personal accounts and a Private account for each member of the firm.

53. You have already learned how to keep all of the above accounts except the Private accounts, one of which is kept for each member of the firm. This account is a very simple affair. It is kept to show what each member of the firm takes from the business for his own private use. One of the accounts should be headed _____ Private account and the other A. E.
(Student's name)
Trader's Private account. If either member of the firm takes any money for his own private use, his private account should be debited for the amount taken, and this debit to his private account should be balanced by a credit to the Cash account for the same amount. If either member of the firm takes goods from the store for his own use, his Private account should be debited for the value of the goods (the value is usually figured at the wholesale price or at what they cost the firm) and that debit should be balanced by a credit to the Merchandise account for the same amount. Sometimes the members of the firm allow themselves salaries, and in such cases the Private account of each member should be credited at the time the salary becomes due, with the amount allowed; that credit being balanced by just the same kind of debit as would be made if the salary were due some one who had no connection with the firm.

With the above information, you are ready to proceed and show how the books of _____ & Trader will stand at the close of the business described below.
(Student's name)

EXERCISE NO 12.

WHOLESALE GROCERY BUSINESS.

JANUARY 28, 19—.

On this date _____ invests cash, $17,000.
(Student's name)

A. E. Trader invests Merchandise, as per inventory, $16,436.40; Store and Office Fixtures, on hand as per inventory, $518; Cash, $1,047.53, and accounts due him as follows: Bryant & Clarvoe, Grocers, $179.63; Jordan Stabler Co., Grocers, $536; McGaw & Co., Grocers, $953.93; Gold Bros., $150; Reitz Bros., $82.57; Boyer & Co., $62.09, and the following accounts which he owes: The Woolson Spice Co., $398; Thomas G. Cranwell & Co., Canned Goods Brokers, $795.40; The C. A. Gambrill Mfg. Co., $1,284; The National Biscuit Co., $486.75.

THE FIRM TRANSACTS THE FOLLOWING BUSINESS:

JANUARY 28, 19—.

Buy of Woolson Spice Co., on account, groceries amounting to $1,804.

Sell to Boyer & Co., on account, 10 cases Lion Brand Coffee at $2.50 per case, $25.

Sell to Jordan Stabler Co., on account, 25 bbls. Gambrill's Best Flour at $4.40, $110.

Sell to Reitz Bros., on account, 8 boxes Ivory Soap (large size) at $6 per box, $48.

Sell to Bryant & Clarvoe, on account, 12 cases Quaker Oats, 24 packages to the case, at $2.25, $27.

29.

Sell Gold Bros., on account, 30 bbls. Gambrill's Best Flour at $4.40, $132.

Sell Boyer & Co., on account, 15 cases Eagle Brand Tomatoes, 24 cans to the case, at $1.50 per case, $22.50.

Sell Jordan Stabler Co., on account, 20 bbls. granulated sugar, weight 6,851 lbs., at 5¾ cents per lb., $393.93.

_____ has a bbl. of Gambrill's Best Flour, wholesale, $4, and 5 lbs. evaporated peaches,
(Student's name.)
wholesale 10¢ per lb., sent to his home for his own use.

30.

Sell to John T. Bailey for cash, 12 bbls. Gambrill's Best Flour at $4.40, $52.80.

Receive from Jordan Stabler Co., check for $503.93.

Buy 10 bus. oats (for the horse) at 42 cents per bu., $4.20.

Pay for repairs to elevator, $4.60.

Pay for shoeing horse, $2.25.

Sell to Wm. Jackson, on account, 5 bbls. granulated sugar, weighing respectively 337, 353, 340, 344, and 342 lbs., at 5¾ cents per lb., $98.67, and 6 bbls. Gambrill's Best Flour at $4.40 per bbl. $26.40, total $125.07.

Sell to F. W. Johnson, on account, 100 lbs. California Evaporated Peaches at 12 cents per lb., $12; and 10 cases Eagle Brand Corn, 24 cans to the case, at $1.50 per case, $15, total $27.

Send Frank Pughsley check for putting some new shelving in store, $15.35.

31.

Sell to Reitz Bros., on account, 6 bbls. Goldenrod Syrup, containing respectively 48, 55, 57, 45, 50, and 53 gals., total 308 gals., at 32 cents per gal., $98.56.

Buy from C. A. Gambrill Mfg. Co., on account, 200 bbls. Gambrill's Best Flour at $4 per bbl., $800.

Sell to Gold Bros., on account, 3 bbls. cider vinegar at $2.52 per bbl., $7.56.

Pay for repairs to wagon, $3.25.

Buy of National Biscuit Co., on account, 300 cases Uneeda Biscuit at $1.75 per case, $525.00.

A. E. Trader draws $100 for his own private use.

Sell Nogood & Bro., on account, 12 cases Eagle Brand Corn, at $1.50 per case, $18.00.

FEBRUARY 1.

Sell Maynadier & Co., on account, 25 cases Uneeda Biscuit at $2 per case, $50.

Sell Snare & Miley, for cash, 2 bbls. granulated sugar, 686 lbs., at 5¾ cents per lb., $39.45.

Buy 5 bu. corn for horse at 52 cents per bu., $2.60.

Sell Percy M. Reese, on account, 500 lbs., mixed Mocha & Java coffee at 30 cents per lb., $150.

Buy 2 bales of hay for horse at $1.10 per bale, $2.20.

2.

Send National Biscuit Co., check for $100.

Send Consolidated Gas Co., check for January gas bill, $12.25.

Receive from Reitz Bros., check for $125.

Receive from Boyer & Co., check for $22.50.

Buy from J. A. Edmondson & Son, for cash, (check) groceries amounting to $326.84.

Sell Bryant & Clarvoe, on account, 2 doz. cases Eagle Brand Corn at $1.50 per case, $36.

Buy from Woolson Spice Co., on account, 100 cases Lion Brand Coffee, at $2.12½ per case, $212.50.

Buy from C. A. Gambrill Mfg. Co., on account, 50 bbls. Superior Family Flour at $3.75 per bbl., $187.50.

Sell Snyder & Co., on account, 3 bbls. granulated sugar, weighing 339, 346, 336 lbs., total 1,021 lbs., at 5¾ cents per lb., $58.71.

Sell to Gold Bros., on account, 6 bbls. Gambrill's Best Flour at $4.40 per bbl., $26.40.

Sell to Reitz Bros., on account, 15 cases Uneeda Biscuit at $2 per case, $30.

Pay for advertisement in the "Inquirer," $14.50; for 5 tons coal, $23; for bill of stationery $6.25; for policy in the Maryland Fire Insurance Co., 3 years' premium on $10,000, $60.

A. E. Trader has a bbl. of sugar, 341 lbs., wholesale 5¼¢ per lb., sent home.

After recording and posting all the transactions above referred to, take a Trial Balance.

Nogood Bros., to whom we sold a bill of goods on Jan. 31, failed and are unable to pay any of their debts.

At the close of business, Feb. 2, the inventories are as follows: Mdse. on hand, $19,123.85; Store and Office Fixtures on hand, $533.35.

What is the cash on hand according to your books?

What was the net private loss or gain of each member of the firm? (See articles 54 to 69.)

How much does each have invested in the business on the morning of Feb. 3, 19—.

CLOSING BOOKS.

54. A Trial Balance is always taken before the books are closed, and if the books do not balance, all the mistakes in them must be found and corrected, so that the books will balance before the bookkeeper proceeds.

When you add any account or column of figures always place the total in small pencil figures right up against the bottom of the line on which the last entry rests. Use a sharp, hard pencil.

The books of nearly all progressive firms are closed once a year or oftener, to show the condition of the business and to show how much money the firm is making or losing.

55. When the books are to be closed, the first thing to do is to open another account, called the Loss & Gain Account, upon the debit side of which must be placed the amount of loss from all accounts on which there has been a loss, and upon the credit side of which must be placed the amount of gain from all accounts on which there has been a gain, since the books were opened or since they were last closed. Ordinarily there will be a loss or a gain on every account in the books except the Stock accounts, the Private accounts, the Bills Payable account, the Bills Receivable account, and a majority of the Personal accounts. There is a loss on any Personal account due us, which the person owing us will not pay, and which cannot be collected by legal process or otherwise and which consequently we will not get. The bookkeeper should look at every account in the Ledger to see whether there is a loss or a gain on it, and if there is, he should close it into the Loss and Gain account. He will probably come to the Stock accounts first and then to the Private accounts, and since the firm neither loses nor gains on them, he does nothing with them. He next comes to the Merchandise account. In order to ascertain whether the firm has lost or gained on it, an inventory should be taken to show the value of the merchandise on hand; this having been done, the bookkeeper writes in red ink on the credit side of the Merchandise account in the explanation column of the Ledger, "Inventory" and in the money column the value of the merchandise on hand. This credit is balanced a little later on after the closing lines have been drawn, by writing in black ink on the debit side of the Merchandise account in the Ledger, "Inventory" and the same amount, so that the books are not thrown out of balance. After making the "Inventory" credit to the Merchandise account, the bookkeeper adds both sides of the account and then to find the loss or the gain, he subtracts the smaller side from the larger. If the credit side of the account is the larger, the amount it exceeds the debit side is the amount of gain on the Merchandise account. If the debit side of the Merchan is account is the larger, the amount it exceeds the credit side is the amount of loss on the Merchandise account.

CLOSING ENTRIES.

56. The bookkeeper, having determined whether there is loss or a gain on the account, next makes an entry in the Journal which, when posted, will close, or balance, the Merchandise account and cause the amount of gain or loss on this account to show in the Loss and Gain account. When the credit side of the Merchandise account is the larger after the Inventory has been added, to close the account the Journal entry should read, "Merchandise to Loss & Gain." Should the debit side be the larger after the Inventory is added to the credit side, the entry should read "Loss and Gain to Merchandise." The entry is posted just the same as any other Journal entry. In the Merchandise account the explanation is "Loss and Gain," in the Loss and Gain account the explanation is "Merchandise." For an illustration of the Journal entry closing the Merchandise account and the same posted to the Merchandise and to the Loss and Gain account, see pages **75, 77** and **82.**

After the bookkeeper has posted the Journal closing entry as directed, the Merchandise account will balance; that is, both sides will be equal. The bookkeeper next rules the closing lines, puts in the footings of the columns and that account is closed. Then he brings down on the debit side in black ink his entry "Inventory" with the amount, and then the account is ready for the resumption of business after the books have been closed. For an illustration of the closing lines with the footing between them and all the entries made to the Merchandise account, see Merchandise account in the Ledger, page **77.**

57. The next account the bookkeeper reaches is probably the Store and Office Fixtures account. There again an inventory must be handled. The account must be credited in red ink for the value of the store and office fixtures on hand with the explanation "Inventory" and that credit must be balanced by a debit "Inventory" for the same amount, which will appear below the closing lines of the account. After the account has been credited with the "Inventory" the bookkeeper adds both sides of the account, and the amount that the debit side exceeds the credit side is the amount that has been lost on store and office fixtures. The Journal entry for this should read "Loss and Gain to Store and Office Fixtures." The explanation in the Loss and Gain account will be "Store and Office Fixtures" and in the Store and Office Fixtures account, "Loss and Gain." After this Journal entry has been posted, both sides of the account will be alike—the account will be in balance—and the bookkeeper after ruling his closing lines, will bring down his entry "Inventory" and the amount upon the debit side just below the closing lines and the account is then ready for business to proceed after the books have been closed.

58. The bookkeeper next comes to the Expense account, which is treated just the same as the Store and Office Fixtures account has been treated. If there is anything on hand which, when purchased, was charged to the Expense account, such as postage stamps, fuel, or supplies of any kind, the inventory or "account of stock," of these items may be taken, and the account credited in red ink for the value on hand, with the explanation "Inventory;" this credit will be balanced by a debit, "Inventory," for the same amount, which will be made below the closing lines after the account has been closed. After the "Inventory" entry has been added, the amount which the debit side exceeds the credit side is the amount of loss on the Expense account. The Journal entry for this should read "Loss and Gain to Expense" the explanation in the Loss and Gain account will be "Expense" and in the Expense account "Loss and Gain."

After this Journal entry has been posted, both sides of the account will be equal, and the bookkeeper, after ruling the closing lines, will make his entry, "Inventory" and the amount, upon the debit side of the account below the closing lines. The account is then ready for business again after the books have been closed.

If the articles purchased and charged to the Expense account have all been used up, there will be nothing to inventory and in that case, the Journal entry "Loss and Gain to Expense" will be for the total amount shown on the debit side of the Expense account and of course there will be no inventory item to bring down on the debit side of the account after the account has been closed.

59. If instead of having just the Merchandise account, as in this set of books, on which gains are made, the books you are keeping have a number of such accounts, they should all be closed just as the Merchandise account is closed in this set.

60. Ordinarily the expenses of a business are grouped under several different headings, such as Salaries, Rent, Advertising, Freight and Express, Interest, Teams and Wagons, Stable and Garage Expense, and various other headings to meet the needs of the particular business for which the books are kept, and an account is kept with each kind of expense instead of having all of the expenses thrown together under the heading "Expense," as in this set. However, in such cases each of these accounts is closed just as the Expense account is closed in this set of books.

61. If in looking over the Personal accounts, the bookkeeper finds one that is worthless or one on which there is a loss, it should be credited and the Loss and Gain account debited for the amount of the loss. The proper Journal entry in such a case is "Loss and Gain to (Name of the Personal account)." After this Journal entry has been posted, the Personal account may be ruled shut and closed just like any other account.

62. After all of the accounts on which losses and gains have been made have been closed into the Loss and Gain account, the bookkeeper finds out the difference between the two sides of that account. If the credit side, which shows income or gain, is the larger, then the amount that it exceeds the debit side, is the amount of net gain in the business since the books were opened or since they were last closed. If the business is run by a single proprietor, his Private account should be credited for the amount of the gain, and the Loss and Gain account should be debited for the same amount with the explanation "Proprietor's Private account" (using the man's name instead of "Proprietor" if the account appears in his name in the Ledger). The Journal entry in this case is "Loss and Gain to Proprietor's Private account."

63. If there are two or more owners of the business, the amount of gain should be apportioned between them according to the terms agreed upon when they entered the business, and each man's Private account should be credited for his share of the gain, and the Loss and Gain account should be debited for the same amount, with the man's name and Private account" as the explanation in the Loss and Gain account. The form of the Journal entry in the case of two partners is the same as though there were a single proprietor,—"Loss and Gain to Proprietor's Private account." After the Journal entry for each of the partners has been posted, the Loss and Gain account will balance and the bookkeeper should rule the closing lines and bring down the footings between them, and he is then through with that account.

64 Of course, if there has been a loss instead of a gain, the proceedings of the bookkeeper will be just the same, except that the entries will be on the opposite sides of the accounts. In that event, the amount that the debit side of the Loss and Gain account exceeds the credit side, is the amount of the net loss for the period. The loss should be apportioned according to the terms of the agreement between the members of the firm, and each man's private account should be debited for his share of the loss, and the Loss and Gain account should be credited for like amounts, with the name of each person and "Private account" as the explanation. The Journal entry in this case would be "Proprietor's Private account to Loss and Gain." After these entries are properly posted, the account will balance and should be closed the same as in the other case.

65 After the Loss and Gain account has been closed, the only accounts remaining open to be closed are the Private accounts and the Stock accounts. The difference between the credit side and debit side of each Private account is found, and if the credit side of the account exceeds the debit side, the amount of excess is the Net Private Gain and the Private account of the person should be debited for the amount gained, with the explanation "Proprietor's Stock account." To balance this debit to the Private account, a credit to the Stock account for the same amount should be made, with the explanation "Net Private Gain." The Journal entry is,—Private account to Proprietor's Stock account. After this entry has heen posted the Private account will balance, and should be ruled up and the footings put in. On the other hand, if the debit side of the Private account exceeds the credit side, the excess is the Net Private Loss and in this case the Private account of the person should be credited for the amount of the loss, with the explanation "Proprietor's Stock account." To balance this credit to the Private account, a

debit to his stock account for the same amount should be made, with the explanation "Net private loss." The proper Journal entry in this case is "Proprietor's Stock account to Proprietor's Private account." After this entry has been posted, the Private account will balance, and should be ruled up and the footings put in. If there is more than one Private account, each of them should be closed in the same way.

66. To close a Stock account, it is only necessary to write on the debit side in red ink, "Balance" or Present Worth for the amount that the credit side exceeds the debit side, rule the closing lines and bring down the footings, then to balance the red ink entry on the debit side of the Stock account, bring down below the closing lines on the credit side of that account the same amount with the explanation "Present Worth." This will be the amount that the member of the firm now has invested in the business. If there is more than one Stock account, each of them should be closed in the same way.

67. After all of the Private and Stock accounts have been closed as directed, the books have been closed, and if everything has been done properly, the books will balance and are ready for the bookkeeper to proceed to enter future business. After closing the books, always take a Trial Balance to be sure that the books balance, before you start out to record the business of the next fiscal period. This period may be of almost any length. Some firms close their books thirteen times a year,—every four weeks or 28 days; others every month; some, quarterly; others half-yearly, and others only once a year.

68. Note that in closing books the only entries made in red ink are those which are made directly on the Ledger without being posted from the Journal, Cash Book or any other book of original entry,—such entries as the Inventories of the various accounts, and the present worth in closing the stock accounts.

Another good use for red ink is in crediting any personal account on which there is a loss. If the person should ever wish to reopen the account, the red ink entry acts as a warning signal and brings to your attention the manner in which the account was closed, which you may have forgotten if considerable time has elapsed.

The ruling in ruling up accounts or in closing books should be done with red ink.

While we suggest the use of black ink for bringing down inventories and balances below the cosing lines when books are closed, some authorities recommend the use of red ink for this. The practice of bookkeepers and accountants on this point is not uniform. If your superior has a plreference, follow it.

SIX COLUMN STATEMENT. (WORKING SHEET.)

69. When the books are to be closed, it is well first to make a Six Column Statement and to use it as a chart or guide in closing the books. Such a statement written up for exercise twelve is shown on page 73. The first two columns toward the left, headed respectively "Debits" and "Credits," show the face of the Ledger as shown by a trial balance taken before the books are closed. The third and fourth columns, headed respectively, "Losses" and "Gains," show the entries to be made in the Loss and Gain account as they will appear after the Ledger has been closed. The fifth and sixth columns, headed respectively "Resources" and "Liabilities," show the face of the Ledger as it will appear in a trial balance taken after the books have been closed.

Note and memorize the fact that **whenever the debit side of an account exceeds the credit side, the excess is either a loss or a resource,** and that **whenever the credit side of an account exceeds the debit side, the excess is either a gain or a liability.**

While it is best to take a trial balance after the books have been closed, sometimes this is not done, and in such cases the bookkeeper should be especially careful to see that the balances of the business accounts in the Ledger agree with the amounts representing those accounts in the fifth and sixth columns of the "Six Column Statement." In making this comparison, it is well to check the resources and liabilities on the Six Column Statement, as the Ledger accounts are found correctly closed.

By following the Six Column Statement closely, the bookkeeper will find it very easy to make the closing entries and close the most complicated set of books.

L. F.	Accounts	Debits	Credits	Losses	Gains	Resources	Liabilities
	Cash	1811392				1811392	
	(Students Name) Stock		17000—				
	(Students Name) Private	450					
	A. E. Trader Stock		17002—				
	A. E. Trader Private	11790					
	Mdse	1879186			33199	1912385	
	Store & Office Fix	53335				53335	
	Expense	13510		13510			
	Nogood Brod	18—		18—			
	Accounts Receivable	268052				268052	
	Accounts Payable		639315				639315
		4039315	4039315	15310	33199	4004164	639315
		4039315	4039315	15310	33199	4004164	639315
	(Students Name) Gain			8944			
	A. E. Trader Gain			8944			
				33199	33199		
	(Students Name) Stock		17000—				
	(Students Name) Private	450					
	(Students Name) Gain		8944				
	(Students Name) P&W	1708495					1708495
		1708945	1708945				
	A. E. Trader Stock		17002—				
	A. E. Trader Private	11790					
	A. E. Trader Gain		8944				
	A. E. Trader P&W	1697954					1697954
		1709144	1709144			4004164	4004164

WRITTEN TEST NO. 5.

1. What are Private accounts kept for, and how many of them are usually kept in each set of books?

2. When are Private accounts debited, and what entries are made to balance the debits to Private accounts?

3. Under what circumstances should Private accounts be credited and for how much? By what debits should such credits be balanced?

4. What are books closed for? Usually how often?

5. What should be done before the books are closed? If they do not balance, what then?

6. What is carried into the Loss and Gain account?

7. On which side of the Loss and Gain account should all the losses appear?

8. Name and describe the accounts, or kinds of accounts, on which there are likely to be losses and gains, and those on which there are not.

9. When is there a loss on a Personal account?

10. Describe all the entries you would make in closing a Merchandise account, or any similar account on which there has been a loss. A gain.

11. Describe the entries you would be likely to have occasion to make in closing a Store and Office Fixtures account?

12. Describe the different methods of closing an Expense account.

13. Describe the entries you would make in closing a Personal account on which there was a loss.

14. Describe the entries for closing a Loss and Gain account when the gains exceed the losses, and also when the losses exceed the gains.

15. Describe the entries for closing a Private account when there is a gain on it, and when there is a loss on it.

16. Describe the entries for closing a Stock account.

17. Why is red ink used in making the entries in which it is used in closing books?

18. When a set of books has been closed, what should be done before anything else is entered in them? Why?

19. What will the credit side of each Stock account show after a set of books has been closed

When the student has so thoroughly mastered the instructions in this lesson that he can give the information above asked for, he may make a Six Column Statement and then close the books for the Wholesale Grocery Business of _____ & Co., which he is directed at the beginning
(Student's name)
of this lesson to keep, and may give the net private loss or gain of each member of the firm, and the amount of each Stock account on the morning of Feb. 3, 19—. The Six Column Statement should be submittted to the teacher before the closing entries are made on the books.

Philadelphia, Feb. 2, 19—

77	Mdse		33	99	
82		Loss & Gain			33 99
82	Loss & Gain		135	10	
78		Expense			135 10
82	Loss & Gain		18	—	
82		Nogood & Bro			18 —
82	Loss & Gain		89	45	
76		(Student's Name) Private			89 45
82	Loss & Gain		89	44	
76		A E Trader Private			89 44
	(Post these entries before proceeding further)				
76	(Student's Name)	Private	84	95	
76		(Student's Name) Stock			84 95
76	A E Trader Stock		28	46	
76		A E Trader Private			28 46

(Student's Name) Stock

19—						19—				
Feb	2	Res Worth		17084	95	Jan	28		67	17000 —
						Feb	2		75	84 95
				17084	95					17084 95
						Feb	2	Res Worth		17084 95

A. E. Trader, Stock

19—						19—				
Feb	2	Net Loss	75	2846		Jan	28		67	17002 —
Feb	2	Res Worth		16973	54					
				17002	—					17002 —
						Feb	2	Res Worth		16973 54

(Student's Name) Private

19—						19—				
Jan	29		68	450		Feb	2	Loss & Gain	75	89 45
Feb	2	Net Gain	75	84 95						
				89	45					89 45

A. E. Trader, Private

19—						19—				
Jan	31		68	100	—	Feb	2	Loss & Gain	75	89 44
Feb	2		69	17	90			Net Loss		28 46
				117	90					117 90

Merchandise

19—

19						19—					
Jan	28		67	16436	40	Jan	28		67	25	—
				1804	—					110	—
	31		68	800	—					48	—
				525	—					27	—
Feb	2			32684			29		68	132	—
				21250						2250	
			69	18750						39393	
		Loss & Gain	75	33199						450	
							30			5280	
										12507	
										18	—
										27	—
										9856	
										756	
						Feb	1			50	—
										3945	
										150	—
							2			36	—
									69	5871	
										2640	
										30	—
										1790	
								Inventory		19123	85
				20624	23					20624	23
Feb	2	Inventory		19123	85						

Store & Office Fixtures

19—								
Jan	28		67	518 —				
	30		68	15 35				
				533 35				533 35
Feb	2	Inventory		533 35				

Expense

19—					19—				
Jan	30		68	4 20	Feb	2	Loss & Gain	75	135 10
				4 60					
				2 25					
	31			3 25					
Feb	1			2 60					
				2 20					
	2			12 25					
			69	14 50					
				23 —					
				6 25					
				60					
				135 10					135 10

Bryant & Clarvoe 2801 N. Lee St.

19—								
Jan	28		67	179 63				
				27 —				
Feb	2		68	36 —				

Jordan Stabler Co — 318 N Charles St

19								
Jan	28		67	536	—			
				110				
	29		68	393	93			

McGaw & Co — 906 S. 21st St

19—								
Jan	28		67	953	93			

Gold Bros — 323 W Saratoga St

19—								
Jan	28		67	150	—			
	29		68	132				
	31			756				
Feb	2		69	2640				

Reutz Bros — 416 W Lexington St

19—						9—			
Jan	28		67	8257		Feb	2	51	125—
				48	—				
	31		68	9856					
Feb	2		69	30					

Boyer & Co 114 German St

19–				19–				
Jan	28	67	62 09	Feb	2	51	22	50
			25 —					
	29	68	22 50					

Woolson Spice Co Toledo, Ohio

19–					
Jan	28	67	3	98	—
			18	04	—
Feb	2	68	21	250	

Thos. G. Cranwell & Co 120 S. Delaware Ave

19–				
Jan	28	67	795	40

C A. Gambrill Mfg. Co Baltimore

19–					
Jan	28	67	12	84	
	31	65	8	00	
Feb	2	69	187	50	

National Biscuit Co 1301 Glenwood Ave

19–					19–				
Feb	2		52	100 —	Jan	28		67	486 75
						31		68	525 —

William Jackson 217 E Baltimore St

19–									
Jan	30		68	125 07					

F. W. Johnson 400 N 33rd St

19–									
Jan	30		68	27 —					

Maynadier & Co 1444 N. Howard St

19–									
Feb	1		68	50 —					

Nogood & Bro — Creditville, Pa

19–						19–				
Jan	31		68	18 —		Feb 2	Loss & Gain	75	18	—

Percy R Reese — 1115 N. Charles St.

19–										
Feb	1		68	150	—					

Snyder & Co — 350 W Mulberry St.

19–										
Feb	2		69	58	71					

Loss & Gain

19–						19–				
Feb	2	Expense	75	135	10	Feb 2	Mdse	75	331	99
		Nogood & Bro		18	—					
		(Student's Name) Private		89	45					
		A E Trader Private		89	44					
				331	99				331	99

EXERCISES FOR PRACTICE IN KEEPING AND CLOSING BOOKS.

EXERCISE NO. 13.

HARDWARE BUSINESS.

The student may now open, keep and close a set of books for the Wholesale Hardware Business of _____ & Trader, who have entered into partnership on February 4th, 19—, with
(Student's name)
investments as follows:

_____ invests cash, $26,000.
(Student's name)

A. E. Trader invests cash, $363.09 and Merchandise, per inventory, $23,752.80; Store and Office Fixtures, per inventory, $839; accounts due him as follows: Miles Hardware Co., $476.27; Marshall, Wescoat & Co., $362.45; Samuel Emmert, $572.72; Young Bros., $410.25; J. H. Constantine, $398.96; Union Hardware Co., $272.50; J. R. M. Adams, $315.50; Frank Beall & Co., $405; C. C. Pursey & Co., $257.55; and the following accounts which he owes: National Tool & Stamping Co., $689.83; the Maryland Hinge Co., $592.65; Frank B. Sloan & Co., $342.18; Wm. H. Cole & Son, $425.50; Francis Albert & Co., $375.93.

FEBRUARY 4.

Sell Balto. Hdwe. Co., on %, 2 doz. vestibule latches at $15.80, $31.60.
Sell C. C. Pursey & Co., on %, 25 doz. pairs flat hinges at $4.00, $100
Receive from Miles Hdwe. Co., on %, check for $250.
_____ has a set of knives and forks, wholesale price, $9, and tools amounting to $5.37
(Student's name)
(wholesale) sent to his home.
Sell Miles Hdwe. Co., on %, 12 doz. pairs shutter hinges at $2 and 6 doz. Perfect Door Springs at $1.25, total $31.50.
Sell to Young Bros., on %, 30 doz. letter box plates at $9, $270.
Pay Himmel & Co., for new show case, $50.
Send check to National Tool & Stamping Co., on %, $125.60.
Pay gas bill, $15.60.
Cash sales, $36.24.

FEBRUARY 5.

Sell Marshall, Wescoat & Co., on %, 500 ornamental figures at 30c, $150.
A. E. Trader has $15 worth of wire netting sent to his farm.
Buy from Francis Albert & Co., on %, 24 gross hotel coat hooks at $5.50, $132.
Sell Samuel Emmert for cash 18 doz. shelf brackets at $3.00, $54.
Receive check from Miles Hdwe. Co., on %, $42.50.
Pay Maryland Hinge Co., on %, $135.64.
Receive check from Marshall, Wescoat & Co., on %, $148.50.
Buy from National Tool & Stamping Co., on %, 15 doz. saw vises at $20, $300.
Pay janitor $5.
Receive from Young Bros., on %, check for $198.25.
Sell J. H. Constantine, on %, 25 doz. pocket balances at $1.50, $37.50.
Pay freight $5.25.
Cash sales $123.40.

FEBRUARY 6.

Receive from Samuel Emmert, on %, $75.

Sell J. R. M. Adams, on %, 12 doz. screw drivers at $2.50, $30.

Buy from Frank B. Sloan & Co., on %, 36 iron planes at 85¢, 1 doz. Gem Food Choppers at $37, total $67.60.

Sell Frank Beall & Co., on %, 10 jack screws at $8.50, 2 doz. blacksmiths' hammers at $20, total $125.

Pay Frank B. Sloan & Co., on %, $78.30.

Take one bench vise from stock to use in store, $10.

Pay subscription to "Hardware Journal," $3.00.

Send check to Francis Albert & Co., on %, $125.

Send J. C. Bailey, on %, 12 cross-cut saws at $4, $48.

Sell Geo. Keller, on %, 12 sets steel chisels at $7, $84.

Pay for stamps, $2.

Cash sales $15.40.

FEBRUARY 7.

Sell to J. W. Russell, on %, 1 doz. store door handles, $29.

Receive from J. C. Bailey, on %, $48.

Pay for having sign repaired $12.

Send check to Frank B. Sloan & Co., on %, $75.

Pay clerk $8.

Sell Miller Supply Co., on %, 2 doz. push plates at $5, ½ doz. large door pulls at $65, $42.50.

Pay Francis Albert & Co., on %, $175.

Sell Oscar Bear, for cash, 6 doz. Defiance Sash Fasteners at $1.00, 4 doz. hitching rings, at $1.80, $13.20.

Receive from J. R. M. Adams, on %, $56.

Pay for stationery, $12.00

Receive from J. H. Constantine, $125.25.

Buy from Anderson & Ireland, for cash, 5 bench vises at $10, $50.

Sell Young Bros., on %, 2 doz. rip saws at $38, $76.

Pay National Tool & Stamping Co., on %, $600.

Receive from Baltimore Hdwe. Co., on %, $25.

Cash sales, $29.42.

At the close of business, Feb. 7, the inventories are as follows:

Merchandise on hand..... $23,463.43.

Store and Office Fixtures..... 890.00.

What is the cash on hand according to your books?

What was the net private gain or loss of each member of the firm?

How much does each have invested in the business on the morning of Feb. 8th?

EXERCISE NO. 14.

DRUG BUSINESS.

The student may open, keep, and close a set of books for the Wholesale Drug Business of _____ & Trader, who have entered into partnership on Feb. 8, with investments as
(Student's name)
follows:

A. E. Trader invests cash, $756.72. Store and Office Fixtures, per inventory, $680; Merchandise, per inventory, $10,151.25; and accounts due him as follows: Double & Co., Druggists, $172.25; S. S. Davis, Druggist, $375.60; Oliver P. Robinson, Druggist, $272.15; Jefferson D. Fore, Druggist, $132.38; Chas. H. Brooke, Druggist, $362.75; Ezekiel Forman, Druggist, $154.48; A. O. Pilson, Druggist, $372.63; T. E. Zimmerman & Co., Druggists, $263.72; D. C. Aughinbaugh & Son, Druggists, $184.89; L. N. Meadows & Co., Druggists, $323.65; Hall, Atkinson & Co., Druggists, $173.21; and the following accounts which he owes: Muth Bros. & Co., Wholesale Druggists, $216.45; Wyeth Bros., Wholesale Druggists, $342.37; Gilbert Bros., Druggists, $345.68; Sharp & Dohme, Manufacturing Chemists, $185.87; Hance Bros. & Wight, Wholesale Druggists, $285.31.

_____ invests cash, $13,000.
(Student's name)

8.

Sell Ezekiel Forman, on %, 24 doz. pts. Red Label Carbolic Acid, at $1.50, 24 doz. ½ pts. White Solution Carbolic Acid, $1.25, $66.

Pay for a new mirror in store, $65.

Pay for labels, $15.

Sell to S. S. Davis, on %, 10 jugs imported Bay Rum, at $3.75, $37.50.

Pay for stamps, $5.

Sell to John Lang, on %, 24 doz. bottles Witch Hazel at $1.25, $30.

Buy from Hall, Headington & Co., on %, desk for office, $45.

Sell John D. Stotlemeyer, on %, 25 lbs. Lightning Insect Powder at 30¢, $7.50, 10 cases Tanglefoot Fly Paper at $2.80, $28, $35.50.

Buy from Brown & Clark, for cash, a soda fountain for $565.

Receive from Jefferson D. Fore, on %, $45.

Sell A. O. Pilson, on %, 10 lbs. Licorice Root at 12¢, $1.20, 25 lbs. Chloride Lime at 9¢, total $3.45.

Receive from S. S. Davis, on %, check for $55.20.

Sell to Miller & Davis, on %, 40 pkgs. Cream of Tartar at 40¢, $16.

Pay for advertising, $56.

Sell Oliver P. Robinson, on %, 6 bottles Acetozone, at $1.50, $9.

Cash sales, $14.20.

9.

Buy from Hance Bros. & Wight, on %, 75 doz. Chlorate Potash Tablets at 75¢, $56.25.

Sell to Chas. H. Brooke, on %, 2 gross bxs. Gelatine Tablets, $9, $18.

Receive from Ezekiel Forman, on %, $84.30.

Sell Arnold & Co., on %, 2,000 Whooping Cough Tablets at $3.85 per M, $7.70.

Receive from Oliver P. Robinson, on %, $36.42.

Sell Doan & Carter, on %, 6 doz. pints Cod Liver Oil at $13, $78.

_____ takes home a perfume atomizer, $2.50.
(Student's name)

Pay for washing and oiling floors, $23.

Pay Hance Bros. & Wight, on %, $75.

Sell to Robt. Ross, on %, 48 boxes Soda Mints at $1.45, $69.60.

Sell T. E. Zimmerman & Co., on %, 1 formaldehyde generator, $10.

Receive from A. O. Pilson, on %, $34.21.
Sell Double & Co., on %, 24 doz. tubes Euthymol Tooth Paste, at $2.25, $54.00.
Pay clerks, $48.
Cash sales, $21.00

11.

Buy from Muth Bros. & Co., for cash (check) 20 doz. pints Iron, Quinine and Strychnine Phosphates at $9.75, $195.
Sell L. N. Meadows & Co., on %, 1 doz. Magic Atomizers, $6.
Sell Wm. Stewart, on %, 5 gross assorted corks at 60¢, $3.
Sell D. C. Aughinbaugh & Son, for cash, 24 doz. Sanford's Mixture, at $2, $48.
Pay for cleaning windows, $1.25.
Sell Jefferson D. Fore, on %, 24 doz. Emulsion Cod Liver Oil at $4.25, $102.
Receive from John Lang, on %, $30.
Pay Muth Bros., on %, $156.25.
Sell Jefferson D. Fore, on %, 12 boxes Alcock's Porous Plasters, at $2.25, $27.
Pay Sharp & Dohme, on %, $86.25.
Buy from Gilbert Bros. & Co., on %, 100 bottles Aromatic Rhubarb Syrup, at 45¢, $45.
Cash sales, $24.32.

12.

Sell to National Drug Co., on %, 12 lbs. Senna Leaves, at 30c, 20 lbs. Orris Root at 20¢, total $7.60.
A. E. Trader draws for his own personal use, $150.
Receive from Miller & Davis, on %, $12.50.
Sell Wm. Stewart, on %, 24 doz. pkgs. Epsom Salts at 35¢, 12 doz. bottles Calomel at 75¢, total $17.40.
Pay for coal, $25.
Pay Wyeth Bros., on %, $45.69.
Receive from Robt. Ross, on %, $54.60.
Sell Arnold & Co., on %, 24 doz. pkgs. Copperas at 35¢, 5 cases Tanglefoot Fly Paper at $2.80, $22.40.
Receive from Double & Co., on %, check for $85.
Pay Hance Bros. & Wight, on %, $150.
Receive from Hall, Atkinson & Co., on %, check for $110.
Cash sales, $21.60
At the close of business, Feb. 12, the inventories are as follows:
Merchandise, $10,124 35.
Store & Office Fixtures, $1,350.00.
On the morning of Feb. 13, what is the amount of cash on hand according to your books?
What has been the net private loss or gain of each member of the firm, and how much does each have invested in the business?

EXERCISE NO. 15.

GENERAL STORE.

Open, keep, and close a set of books for the General Store of _____ & Trader, who have entered into business on Jan. 14, 19—, with investments as follows:
(Student's name)
_____ invests cash, $1,750.
(Student's name)
A. E. Trader invests cash, $341.29; Merchandise, $1,425.73; Store and Office Fixtures $150; and accounts due him as follows: John Lagne, $25; Sarah Dennison, $6.75; G. H. Terrell, $10.25;

W. S. Barnes, $9.72; Mrs. J. B. Reed, $12.40; Louis P. Doub, $8.72; L. B. Durant, $20.15; William Wilson, $10.05; W. S. West, $12.42; James Beall, $12.72; Frank Jones, $18.68; Mrs. James Stotlemeyer, $7.23; Geo. F. Crawford, $25; Samuel Wright, $75; Mrs. Emma G. Crawford, $18.75; Jos. L. Purcell, $10.95; John D. Powell, $40.31; Geo. W. Baker, $32.05; David G. Hensell, $7.23; Mrs. John Harris, $12.75; and the following accounts which he owes: Silberman & Todes, $125; D. M. Crabill, $20.75; Stickley Milling Co., $172.25; Baltimore Bargain House, $225.15.

Sell L. B. Durant, on %, 1 bbl. apples at $2.15.
Sell to John Lagne, on %, 1 suit boys' clothes, $10.
Sell to Mrs. J. B. Reed, on %, 2 sacks flour at $1.05, $2.10.
Sell to Mrs. Jas. R. Howell, on %, 1 large lamp, $2.50.
Sell to Samuel Wright, on %, 25 lbs. sugar at 6¢, $1.50.
_____ draws cash for personal use, $25.
(Student's name)
Sell to Mrs. Sarah Dennison, on %, 10 yds. black dress goods, at 75¢, $7.50.
Sell to G. H. Terrell, on %, 1 overcoat, $15.
Sell to W. S. Barnes for cash 1 hat, $2.00, 3 pairs gloves at 75¢, total $4.25.
Receive from George Crawford, on %, $12.50.
Buy from Daniel Miller & Co., on account, 12 suits boys' clothes, at $8.60, $103.20.
Sell to Mrs. T. W. Parsons, on %, 1 sewing machine at $28.00.
Sell to Jos. L. Purcell, on %, 1 pair shoes, $3.50.
Pay Silberman & Todes, on %, $75.
Pay for wrapping paper, $10.60.
Receive from John Lagne, on %, $8.50.
Sell to W. S. Barnes, on %, 3 suits of underwear, at $1.25, total $3.75.
Pay for advertisement in newspapers, $17.50.
Cash sales, $16.40.

JANUARY 15.

Sell John D. Powell, on %, 1 sack fine salt, $1.50. and 4 lbs. coffee at 25¢, total $2.50.
Sell to Geo. Crawford, on %, 1 hand saw, $1.50.
Sell to Mrs. Jas. Stotlemeyer, on %, 2 lbs. chocolate candy, at 60¢, $1.20.
Sell to Frank Jones, on %, 1 shaving outfit, $2.25.
_____ buys a watch from a traveling salesman for his own use, $27, and pays for
(Student's name)
it out of the cash drawer.
Receive from Wm. Wilson, on %, $5.65.
Pay D. M. Crabill, on %, $12.00.
Receive from David G. Hensell, on %, $3.75.
Sell to Mrs. John Harris, on %, 3 lbs. tea at 35¢, $1.05.
Sell to Louis P. Doub, on %, 2 sacks flour at $1.10, $2.20.
Sell to Jas. Beall, on %, 1 overcoat, $15.00.
Sell to Geo. W. Baker, on %, 1 felt hat, $2.00.
Receive from Mrs. Jas. Stotlemeyer, on %, $5.00.
Pay for painting sign, $8.00.
Pay for stationery, for use in office, $10.
Buy from Stickley Milling Co., 50 sacks flour at 85¢, $42.50.
Send Baltimore Bargain House, on %, check for $97.50.
Buy a safe for office from Remington & Sherman Co., for cash, $150.
Cash sales, $12.50.

JANUARY 16.

Sell W. S. West, on %, 1 pr. overshoes $1.25, 1 heavy coat, $4.50, $5.75.
Receive from John Lagne, on %, $14.50.

Receive from Mrs. Emma G. Crawford, on %, $7.50.
Pay Daniel Miller & Co., on %, $56.40.
Receive from Sarah Dennison, on %, $4.50.
Receive from W. S. Barnes, on %, $2.50.
Receive from Mrs. J. B. Reed, on %, $3.40.
Receive from John D. Powell, on %, $13.75.
Sell Mrs. Emma G. Crawford, on %, 12 yds. dress goods, at $1.00, $12.
Send Stickley Milling Co., on %, check for $56.24.
Pay for stamps, $2.00.
Sell David G. Hensell, on %, 2 suits boys' clothes at $8.50, $17.
Receive from Samuel Wright, on %, $27.00.
A. E. Trader draws $45 for personal use.
Receive from Jas. L. Purcell, on %, $7.50.
Receive from Mrs. John Harris, on %, $4.25.
Receive from G. H. Terrell, on %, $12.25.
Sell Samuel Wright, on %, 1 ham, 7 lbs., at 18¢, $1.26.
Receive from Louis P. Doub, on %, $4.25.
Receive from L. B. Durant, on %, $14.50.
A. E. Trader has 2 sacks flour, at 85¢, $1.70, sent to his home.
Pay clerks, $24.
Cash sales, $12.60.
After the close of business, Feb. 16th, the inventories are as follows:
Merchandise, $1,546.37.
Store and Office Fixtures, $300.00.
What is the amount of cash on hand according to your books?
What has been the net private loss or gain of each member of the firm, and how much does each have invested in the business?

WRITTEN TEST NO. 6.

1. What are accounts? Debits? Credits? Personal accounts?
2. Do personal accounts include accounts with individuals only?
3. What do we find in the Cash account?
4. On which side of the Cash account are the receipts? The payments?
5. What does the difference between the debit and credit sides of the Cash account show?
6. Which side of the Cash account is always the larger, when there is any difference? Why?
7. What is the Merchandise account? Which side shows the amount sold? The amount bought?
8. What are books of original entry? Name two.
9. Why is it necessary to have a full explanation of the transaction in each Journal entry?
10. Should the Cash Book contain a full explanation of each cash transaction?
11. What is journalizing?
12. Why should the Ledger, including the Cash account as found in the Cash Book, always be in balance in double entry books?
13. What is a Trial Balance? When is a Trial Balance taken?
14. Why should both sides of the Trial Balance be the same?
15. From what book or books is the Trial Balance taken?
16. What may we learn from a Trial Balance?
17. May we close the books from a Trial Balance?
18. What is the first thing you do when your Trial Balance fails to balance? What do you do after that?

NOTES.

70. **A promissory note** is a written promise, signed by the maker, to pay to the payee named in the instrument or to the order of the payee or to bearer, a definite sum of money on demand or at a fixed or determinable future time.

The parties to a promissory note are, the **maker,** (the person who signs the note), the **payee,** (the person to whom the money is to be paid) and the **endorser,** if any, (the person who, by endorsing the note, becomes responsible for its payment in the event of the maker failing to pay it at maturity).

71. The kinds of promissory notes in most common use besides the plain promissory note issued by one person, or concern, are the **Joint and Several note,** in which two or more persons become jointly and individually responsible for the payment of the note; the **Collateral note,** which contains a description of stocks, bonds or other property deposited with the payee as a guarantee that the note will be paid at maturity, and which authorizes the payee to sell the property so deposited and take payment of the note out of the proceeds, in the event of the maker failing to pay the note at maturity; and the **Judgment note** in which the maker of the note waives the benefit of all Homestead and Exemption Laws and authorizes any attorney to appear for him in any court of competent jurisdiction, and confess judgment in favor of the payee, not only for the face of the note, but also for attorney's fee and costs of suit, in the event of the maker failing to pay same at maturity.

Sometimes a form of note is used in which the Maker and Endorsers waive demand, notice and protest, and authorize the addition of a fee for collection costs to the face of the note in the event of the note not being paid at maturity. The simple form of Promissory note is the note most used in general business transactions where the persons doing business together have confidence in each other. The Collateral note is used extensively in borrowing money from banks or trust companies. Judgment notes and notes waiving demand, notice and protest are used only where there is a lack of confidence or where the maker of the note is at the mercy of the payee and must submit to whatever terms his creditor dictates.

The kinds of notes above described will be found illustrated on **pages 90 and 91.**

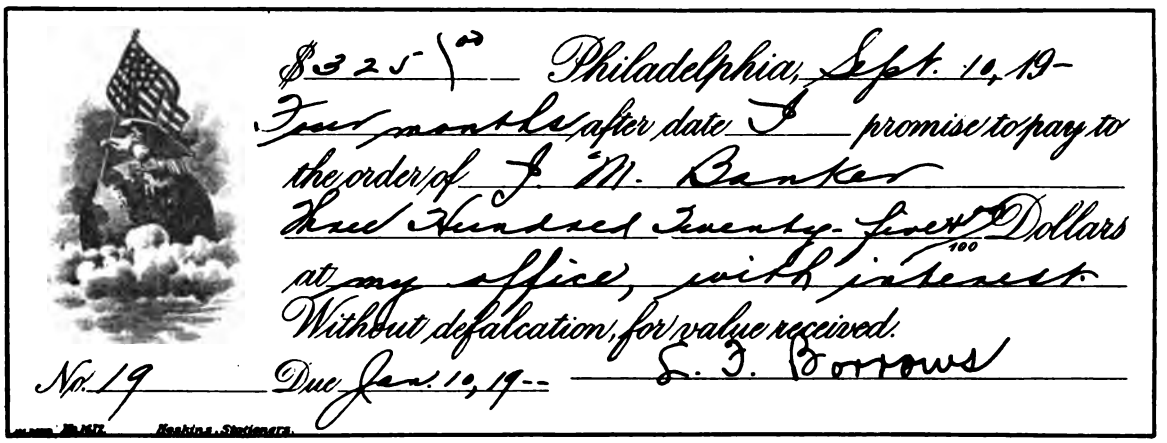
72. Notes do not bear interest before maturity unless it is so stated on the face of the note. A note reading "With interest," will bear interest at the legal rate for the state in which the note is issued, unless some other rate of interest is stated, as, "With interest at four per cent."

73. In Pennsylvania and most other states, notes falling due on Saturday, which is a half holiday, or on Sunday, or any other legal holiday, are payable on the next succeeding business day, and banks in discounting notes, in counting the time, include the last day allowed the maker on which to make payment.

74. In Pennsylvania and some other states, banks in discounting notes charge interest for both the Day of Discount and the Day of Maturity, thus charging interest for one day more than the difference in time between those dates. Students will follow this plan in all of the work contained in this text book unless advised to the contrary by the instructor.

75. If a note is not paid on the day it becomes due, it should be protested by a Notary Public the same day and notice of protest for non-payment should be given, or mailed, the same day to the maker of the note and to every endorser of the paper. The mailing of the notices is usually done by the notary, who, in addition to his fee for protesting the paper, is permitted by law to make an extra charge for each notice sent and for postage. If a note that is not paid on the day it is due, is not protested, or if notice of the protest for non-payment is not given or sent promptly to the endorsers of the note, the endorsers, under certain circumstances, are released from their liability for the payment of the note.

Note.



$325.00 Philadelphia, Sept. 10, 19--

Four months after date I promise to pay to the order of J. M. Banker

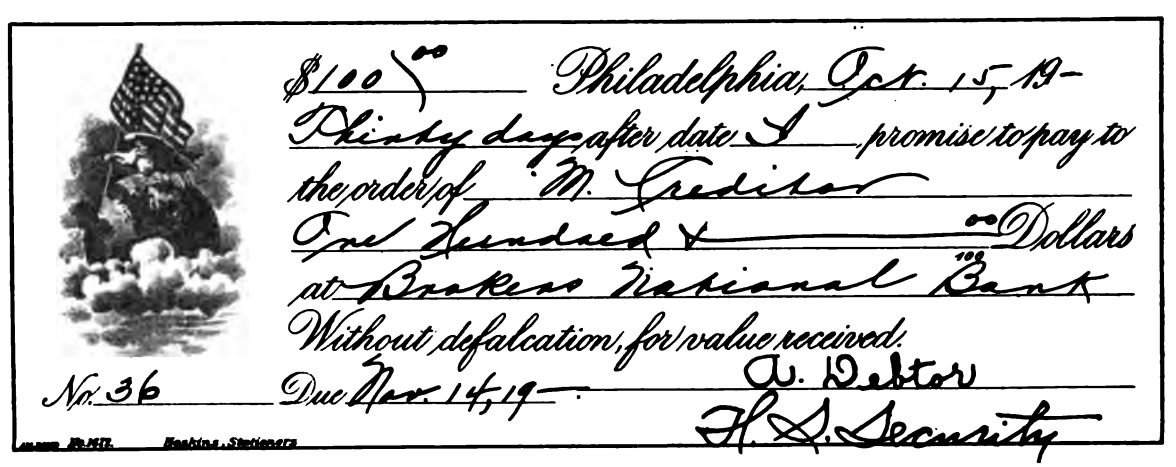
Three Hundred Twenty-five 00/100 Dollars

at my office, with interest.

Without defalcation, for value received.

No. 19 Due Jan. 10, 19-- L. J. Borrows

Joint and Several Note.



$100.00 Philadelphia, Oct. 15, 19--

Thirty days after date I promise to pay to the order of M. Creditor

One Hundred 00/100 Dollars

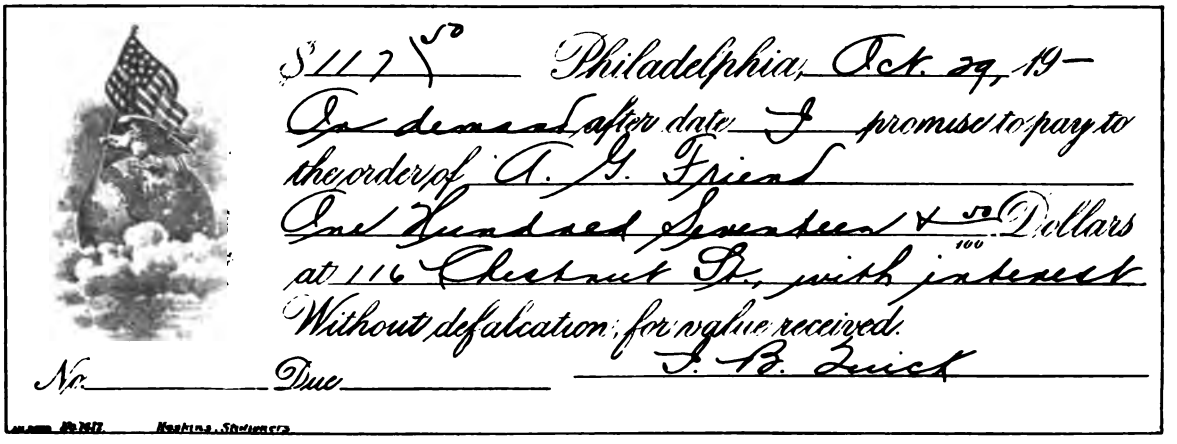
at Brokers National Bank

Without defalcation, for value received.

No. 36 Due Nov. 14, 19-- A. Debtor

H. S. Security

Demand Note.



$117.50 Philadelphia, Oct. 29, 19--

On demand after date I promise to pay to the order of A. G. Friend

One Hundred Seventeen 50/100 Dollars

at 116 Chestnut St., with interest

Without defalcation, for value received.

No. Due F. B. Quick

Collateral Note.

$ 2000 00 Philadelphia, Nov. 20, 19—

Four months after date, for Value Received, I promise to pay to the order of

The Penn National Bank

Two Thousand & 00/100 DOLLARS,

with interest, having deposited as collateral security for payment of this or any other liability or liabilities to said holder hereof, due or to become due, or that may be hereafter contracted, the following property, viz.: 20 shares Pa. R.R., 10 shares Midvale Steel, 10 shares Penna. Co.

with the right on the part of the holder hereof, to repledge the securities above mentioned, or to substitute or exchange for the same other certificates of like tenor and amount, and also from time to time to demand additional collateral security, and upon failure to comply with any such demand, this obligation shall forthwith become due, with full power and authority, to the holder hereof, or assigns, in case of such default, or of the non-payment of any of the liabilities above mentioned at maturity, to sell, assign, and deliver the whole or any part of such securities, or any substitutes therefor or additions thereto, at any broker's board, or at public or private sale, at their option, at any time or times thereafter, without advertisement or notice to the undersigned, and with the right on the part of the holder hereof, to become purchaser thereof at such sale or sales, freed and discharged of any equity of redemption. And after deducting all legal and other costs and expenses for collection, sale and delivery, to apply the residue of the proceeds of such sale or sales so made, to pay any, either or all of said liabilities, as said holder hereof shall deem proper, returning the overplus to the undersigned; and the undersigned will still remain liable for any amount so unpaid. It being further understood and agreed that the PENN NATIONAL BANK OF PHILADELPHIA shall have a like lien upon any and all funds, stocks, bonds, notes, and other property at any time in the hands of said Bank belonging to the maker, or endorser or endorsers, guarantor or guarantors hereof, as security for this note and for any and all liability or liabilities, matured or unmatured, of such maker, endorser or endorsers, guarantor or guarantors to said Bank, which lien shall be enforceable in like manner and shall be subject to all the provisions herein above and before mentioned and set out. In the event of an application for the appointment of a Receiver for the undersigned or any party hereto, or the making of a general assignment by, or the filing of a petition in bankruptcy by or against, the undersigned, or any guarantor or endorser of this note, or any party hereto, or of any other act of insolvency of any of said parties, however, expressed or indicated, all aforesaid liabilities shall, without notice, at the option of the said holder, become immediately due, without demand for payment thereof.

It is further agreed that upon any transfer of this note, the said holder may deliver the said collateral or any part thereof to the transferee, who shall thereupon become vested with all the powers and rights herein above given to the said holder in respect of said note and collateral, and the said holder shall be thereafter forever relieved and fully discharged from any liability or responsibility in connection therewith.

PAYABLE AT THE PENN NATIONAL BANK.

A. B. Mann

Judgment Note.

[No. 161.] Printed and sold by Wm. F. Murphy's Sons Co., 509 Chestnut St., Philadelphia.

$ 500 00 Philadelphia, Pa., Dec. 1, 19—

Six months after date, I promise to pay to the order of A. M. Lender

Five Hundred & 00/100 Dollars,

without defalcation, value received, with interest. And further, I do hereby authorize and empower any Attorney of any Court of Record of Pennsylvania, or elsewhere, to appear for and to enter Judgment against me for the above sum, with or without declaration, with costs of suit, release of errors, without stay of execution, and with 5 per cent. added for collecting fees; and I also waive the right of inquisition on any real estate that may be levied upon to collect this note, and do hereby voluntarily condemn the same, and authorize the Prothonotary to enter upon the FI. FA. said voluntary condemnation, and I further agree that said estate may be sold on a FI. FA., and I hereby waive and release all relief from any and all appraisement, stay, or exemption laws of any State, now in force, or hereafter to be passed.

WITNESS.

M. L. Clerk

F. M. Broke (L.S.)

(L.S.)

DRAFTS.

76. **A Draft** is a written request for the person to whom the draft is directed to pay to the order of the person who issues the draft or to the order of some other person named in the draft, a definite sum of money, a certain number of days after sight, a certain number of days after demand, or a certain number of days after date. For information about Sight Drafts, see article 15.

A draft that is payable a certain number of days after sight or a certain number of days after demand, should be presented promptly to the person who is directed or requested to make payment. One of the reasons for this is, that the time at which the payment is to be made is found by counting the designated number of days from the date on which the draft is presented to the Drawee for his acceptance. Another reason why any draft should be presented promptly for acceptance is that it is important to know whether or not the person on whom the draft is drawn will agree to pay it at maturity,—when it becomes due. A draft that is accepted is called an Acceptance and becomes in effect the same as a promissory note issued by the acceptor of the draft. A draft is accepted, by the person on whom it is drawn writing across the face of the draft, "Accepted" and signing his name. If the draft is payable a certain number of days after sight or after demand, the person accepting it should write the date of the acceptance after the word "Accepted" before signing his name, so that the date after which the draft will become due when the specified number of days have passed, will be indisputably fixed. The endorsement on the face of a draft, accepting it, is usually written in red ink.

The parties to a draft are, the **Drawer,** the person who draws or issues the draft, the **Drawee,** the person on whom the draft is drawn,—the person requested to make the payment, and the **Payee,** the person to whom or to whose order the money is to be paid. The drawee after he accepts the draft, becomes the **Acceptor,** and the draft, when accepted, becomes an **Acceptance.**

Drafts are protested for non-acceptance, if they are not accepted when presented for acceptance, unless the Drawer has directed that there shall be no protest, and drafts should be protested for non-payment if not paid when due. A Draft and an Acceptance are shown on page **93.**

BILLS RECEIVABLE. BILLS PAYABLE.

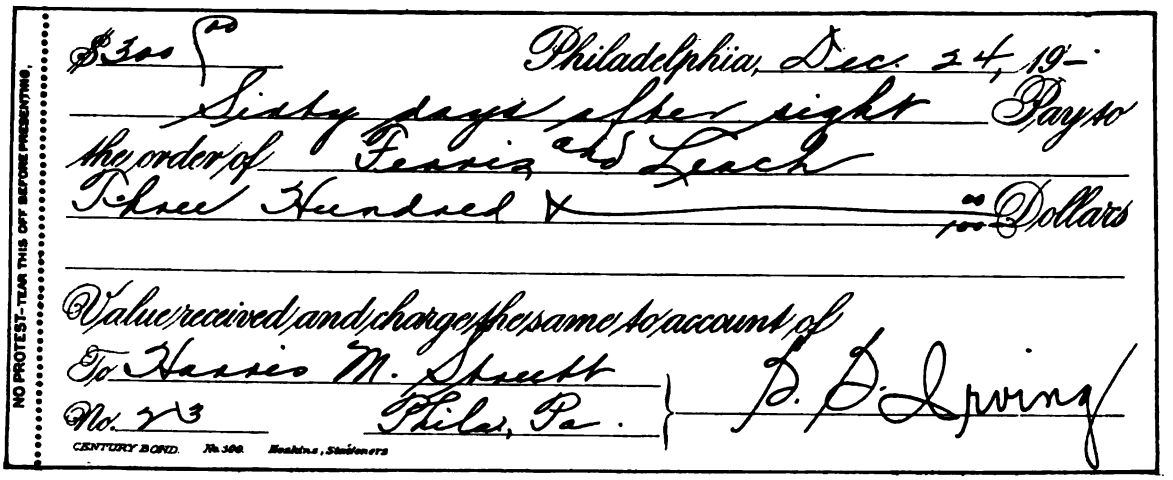
77. The "Bills Receivable," "Bills Payable" and "Interest" accounts, of which no mention has thus far been made, are accounts which are found in nearly every set of books. In this connection, the first thing for the student to do is to learn what "Bills Receivable" are and what "Bills Payable" are, and to learn that all transactions of which "Bills Receivable" form a part, must be entered in the Bills Receivable account, and that all transactions of which "Bills Payable" form a part, must be entered in the Bills Payable account.

Bills Receivable are notes, and time drafts or acceptances in our favor, for which we are to receive the money.

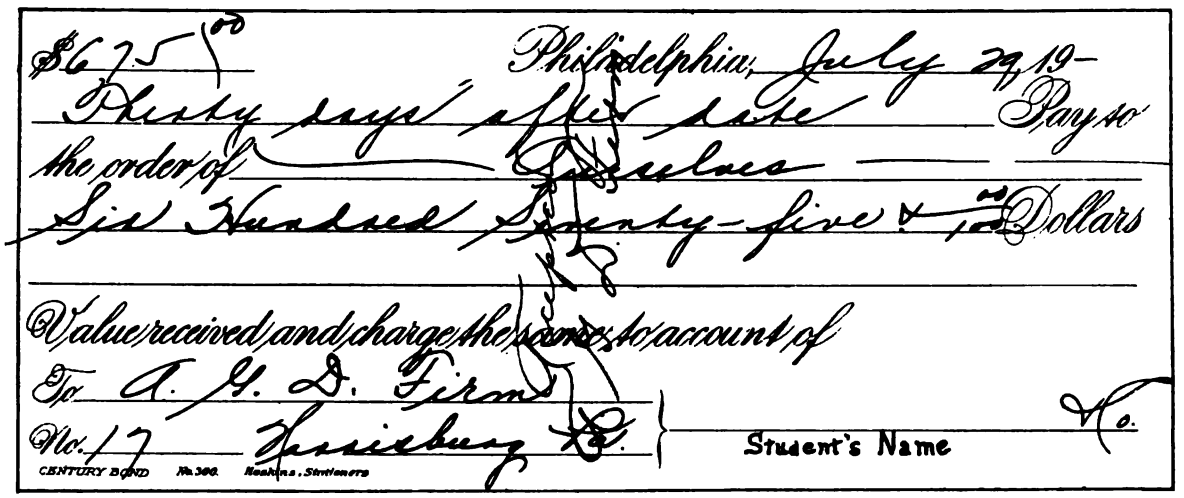
Bills Payable are notes which we have given to other persons and time drafts of other persons on us which we have accepted, for both of which we will have to pay the money.

Remember that any note or acceptance for which we are to receive the money always belongs in the Bills Receivable account, whether we are receiving the note or whether we are receiving money in payment of the note,—whether it is our draft which has been accepted or whether we are receiving payment of our draft which has previously been accepted. Remember, also, that any note or acceptance that we are to pay always belongs in the Bills Payable account whether we are issuing the note or accepting the draft or whether we are paying the note or the acceptance.

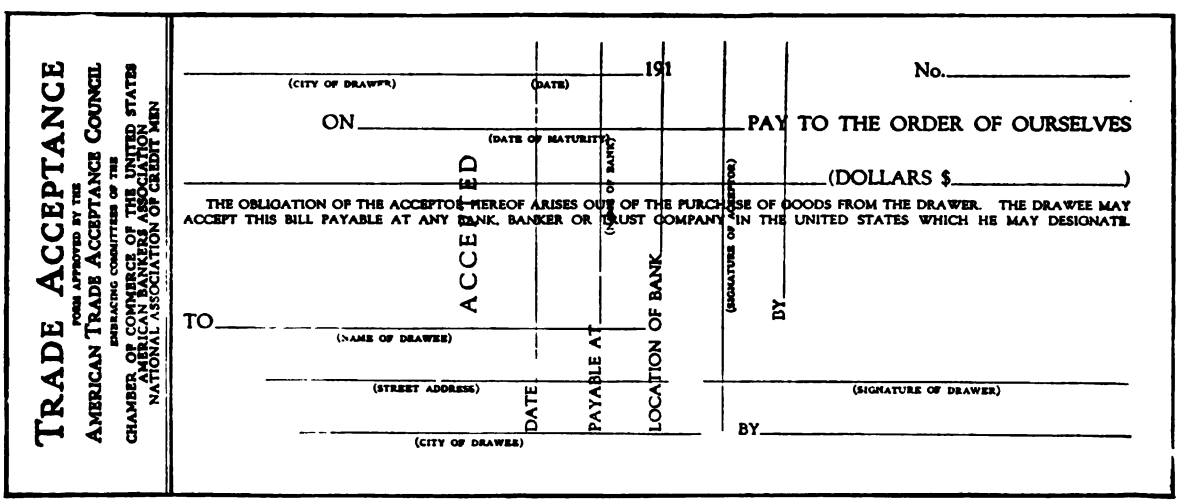
Draft.


NO PROTEST—TEAR THIS OFF BEFORE PRESENTING.
$300 00
Philadelphia, Dec 24, 19-
Sixty days after sight Pay to
the order of Ferris & Leach
Three Hundred & 00/100 Dollars
Value received and charge the same to account of
To Harris M. Strutt
No. 213 Phila, Pa.
D. D. Irving
CENTURY BOND No. 366 Hoskins, Stationers

Acceptance.


$675 00
Philadelphia, July 29, 19-
Thirty days after date Pay to
the order of Gaulus
Six Hundred Seventy-five & 00/100 Dollars
Value received and charge the same to account of
To A. G. D. Firm
No. 17 Harrisburg Pa.
Student's Name
CENTURY BOND No. 366 Hoskins, Stationers

Trade Acceptance.


TRADE ACCEPTANCE
FORM APPROVED BY THE
AMERICAN TRADE ACCEPTANCE COUNCIL
EMBRACING COMMITTEES OF THE
CHAMBER OF COMMERCE OF THE UNITED STATES
AMERICAN BANKERS ASSOCIATION
NATIONAL ASSOCIATION OF CREDIT MEN
(CITY OF DRAWER) (DATE) 191 No.
ON (DATE OF MATURITY) PAY TO THE ORDER OF OURSELVES
(DOLLARS $)
THE OBLIGATION OF THE ACCEPTOR HEREOF ARISES OUT OF THE PURCHASE OF GOODS FROM THE DRAWER. THE DRAWEE MAY ACCEPT THIS BILL PAYABLE AT ANY BANK, BANKER OR TRUST COMPANY IN THE UNITED STATES WHICH HE MAY DESIGNATE.
ACCEPTED
(NAME OF BANK)
(SIGNATURE OF ACCEPTOR)
TO (NAME OF DRAWEE)
BY
(STREET ADDRESS)
(SIGNATURE OF DRAWER)
DATE
PAYABLE AT
LOCATION OF BANK
(CITY OF DRAWEE)
BY

The Trade Acceptance is confined to credit obligations arising from the sale of goods. A note or a draft may cover any kind of obligation.

If we are to receive the money, it is Bills Receivable, and **if we are to pay the money, it is Bills Payable.**

78. With a two-party draft, the Drawer is the Payee. Such a draft, when it has been accepted, to the Drawer-payee will always be Bills Receivable because he is to receive the money for it; to the Drawee, when he has accepted it, it will be Bills Payable because he is to pay the money for it.

In the case of a three party time draft, the Payee is a third person, usually a creditor of the Drawer, and when such a draft is drawn, the Drawer makes an entry in his Journal debiting the Payee and crediting the Drawee. The Drawee makes an entry in his Journal, debiting the Drawer and crediting Bills Payable, and the Payee makes an entry in his Journal, debiting Bills Receivable and crediting the Drawer.

When this acceptance is paid, the Drawee credits Cash and debits Bills Payable and the Payee debits Cash and credits Bills Receivable.

79. At this point, before the student proceeds with this lesson, the teacher will drill the student so much and so thoroughly on notes and acceptances payable to us and by us, that he will always know what such papers are when he sees them, and will always know which are Bills Receivable and which are Bills Payable, and which must be entered in the Bills Receivable account, and which in the Bills Payable account. In the illustrations, let the name_____ (Student's name) & Trader be used as the name of the firm with which the student is connected. Material for illustrations may be obtained by turning to Exercise Nos. 5, 6, and 7. Instead of every remittance and payment received in those exercises, allow a note to be received or a draft to be accepted or the payment to be in settlement of a note, and instead of every remittance sent or payment made, allow a note to be sent or a time draft to be accepted, or allow the remittance to be in payment of a note or an acceptance.

THE BILLS RECEIVABLE ACCOUNT.

80. Any note or acceptance for which we are to receive the money, always belongs in the Bills Receivable account, whether we are receiving the note, or our draft is accepted, or we are receiving money in payment of the note or acceptance.

81. The Bills Receivable account is kept to show what notes and accepted time drafts of other persons we hold and when we are to receive the money for them.

82. **If at the time a set of books is opened,** there are **Bills Receivable on hand, they** will appear in the Journal entry among the resources invested in the business by the person to whom they belong, and **should be posted to the debit side of the Bills Receivable account.** All such debits to the Bills Receivable account at the opening of the books are balanced by being included in the credit of the Net Investment to the proprietor's Stock account.

83. **If at any time** after the books are opened, **we receive a note or an acceptance** in part or full settlement of an account, **we debit the Bills Receivable account** for the amount of the note or acceptance. The debit to the Bills Receivable account in that case is balanced by crediting the account of the person who gives us the note or accepts our draft.

84. **The Bills Receivable account should be credited whenever we receive the money for any note or acceptance we hold,** whether we receive the money from the person who gave us the note, or accepted our draft, or receive it by getting the note or acceptance discounted, or by turning it over to some other person whom we owe, in payment or part payment of our indebtedness to him. If we receive cash for the note, the credit to the Bills Receivable account will of course be balanced by a debit to the Cash account. If the note is turned over to some other person, the credit to Bills Receivable account will be balanced by a debit to the account of the person to whom the note is turned over.

85. If we have a note discounted, we debit the Cash account and credit the Bills Receivable account for the entire amount of the note, just as if we had received the whole amount, although in fact we receive only the face of the note less the discount on it to maturity. We then credit the Cash account and debit the Interest account for the amount of the discount, just as if we had paid the bank the amount of the discount charge, which we have really done in getting the note discounted. When we have a note which does not bear interest discounted, the bank charges us simple interest on the face of the note for the time it has yet to run, including both the day of discount and the due date. If the due date happens on Saturday, Sunday or a legal holiday, the note is due on the next succeeding business day and the interest or discount must be figured accordingly. If a note bears interest at a rate which is satisfactory to the bank, the bank will pay us the face of the note plus the accrued interest to the date on which we turn the note over to it. If the bank pays us accrued interest, the Interest account is credited for the interest and the Cash account is debited. Some banks in discounting another person's interest bearing note for a depositor, will find the amount of the note at maturity and will deduct from this the discount for the time that the note still has to run and credit the depositor with the difference. The interest in this case is figured upon the amount due at maturity. Other banks will simply deduct the discount for the time that the note still has to run from the face of the note and credit the depositor with the difference, and then credit the depositor with the entire amount of interest paid by the maker of the note at the time that the note is paid. The bookkeeper understanding the method pursued by the bank with which his firm deals, will do his bookkeeping in accordance with the facts.

86. If the person who owes us a note does not pay it when it becomes due, but gives us a new note for the old one, we may make the entry in either of the following ways: either write on the Bills Receivable account or in the Bill Book, where the entry for the old note was made, "renewed," and the date and time of the new note, or credit the Bills Receivable account for the old note, because it was paid by the new note, and debit the Bills Receivable account for the new note, because a note is received. If the second method is used, the Journal entry will be—"Bills Receivable to Bills Receivable" for the amount of the note. When notes are renewed, it is customary for the person owing the note to pay the interest on the old note in cash. Then the person paying the interest credits his Cash account and debits his Interest account for the amount paid, while the person to whom the interest is paid, debits his Cash account and credits his Interest account for the amount received.

87. Persons sometimes make a part payment on a note which they owe. If we receive a part payment, we debit Cash and credit the Bills Receivable account for the amount received, entering in the explanation column of both books, the name of the person who owed the note and the date of the note upon which the payment is to be applied. It is possible that we may receive a note which is given to settle an old note and also a personal account. In this case, the Bills Receivable account must be debited for the amount of the note received, and two credit entries must be made to balance this debit; one to the Bills Receivable account, because the old note is settled, and one to the Personal account affected, because the note pays that account. For an illustration of the proper Journal entry to cover a case such as has just been cited, see page **103**, the second entry under date of January fifth.

THE BILLS PAYABLE ACCOUNT.

88. Any note or acceptance that we are to pay always belongs in the Bills Payable account whether we are issuing the note or accepting the draft or paying the note or acceptance.

89. The Bills Payable account is kept to show what notes we have given other persons and what time drafts of other persons we have accepted, and when we are to pay them.

90. **If at the time a set of books is opened, there are Bills Payable outstanding, they** will appear in the opening Journal entry amoung the liabilities of the person by whom they are owed,

and **should be posted to the credit side of the Bills Payable account.** All such credits to the Bills Payable account at the opening of the books are balanced by what are equivalent to debits to the Stock account of the person who owed them, for like amounts. These debits to his Stock account, instead of being entered as such, are merely subtracted from the credit to his Stock account, in making the entry for his Net Investment. All credits for liabilities invested in the business are balanced in just the same way, in opening entries.

91. After the books are opened, **at any time when we give a note or accept any person's time draft on us, the Bills Payable account should be credited** for the amount of the note we give or the time draft we accept. The credit to the Bills Payable account in this case, is balanced by debiting the account of the person to whom we give the note or whose time draft we accept.

92. The Bills Payable account should be debited whenever we pay any of our outstanding notes or acceptances and the debit to the Bills Payable account in this case is balanced by a credit to the Cash account for the cash paid out in taking up the note or acceptance.

93. Whenever we give a note or accept another person's time draft on us, and whenever another person gives us a note or accepts our time draft on him, the first entry for the transaction is made in the Journal, because the transaction is one in which cash is neither paid nor received. All transactions in which cash is neither paid nor received, are entered first in the Journal. For the form of the Journal entry, see illustration on page **103.**

94. Whenever we pay a note or time draft which another person holds against us, and whenever another person pays a note or time draft which we hold against him, the first entry is made in the Cash Book, because the transaction then is one in which cash is paid out or received.

95. If we renew a note that we owe, we debit the Bills Payable account for the old note, because the old note is paid, and credit the Bills Payable account for the new note, because a new note is given, or we may write the word "renewed" on the account, and the date and time of the new note.

96. Be careful in making entries for notes and drafts to write in the explanation column of the Ledger the name of the person from whom the note is received or to whom the note is given and the date, time and rate of interest, unless a Bill Book is kept, containing a full description of all notes and drafts receivable and of all notes and drafts payable, in which case the number of the note or draft will be sufficient explanation, since it will enable us to refer to our Bill Book and get a complete description of the paper at any time.

97. One of the most common forms of ruling for bill books is illustrated on pages **98 to 101.** Usually half of a Bill Book is devoted to Bills Receivable and the other half to Bills Payable. Nearly all business people receiving or issuing notes and drafts in any considerable number, keep a Bill Book.

INTEREST AND DISCOUNT ACCOUNT.

98. The Interest and Discount account is kept to show how much we pay and how much we receive as interest for the use of money.

Whenever we pay interest for the use of money, the Interest account is debited for the amount paid, and of course the Cash account is credited for the same amount. Whenever we receive a payment of interest for the use of money, the Interest account is credited and the amount of this credit is balanced by a debit to the Cash account for the same amount. The money we pay for interest is usually the amount of interest we pay on some interest-bearing note that we have issued, or the discount on some note of our own that we have had discounted at the bank in borrowing money, or the discount on some other person's note or acceptance that we have received and have had discounted so as to get the money at once instead of waiting until the maturity of the note or acceptance. For illustration of an Interest and Discount account, see page **106.**

WRITTEN TEST NO. 7.

1. What are Bills Receivable? Describe them so fully that a person who had previously known nothing about them would always recognize any paper of that class on seeing it.

2. What are Bills Payable? Describe them as above.

3. What papers are always entered in the Bills Receivable account? What papers are always entered in the Bills Payable account?

4. In what cases in which the Bills Receivable or Bills Payable account is affected, are the first entries made in the Cash Book?

5. If the first entry in a Bills Receivable or Bills Payable transaction is made in the Cash Book, how do you know on which side of the Cash Book to make it?

6. If the first entry in a Bills Receivable or Bills Payable transaction is made in the Cash Book, how could you tell, if you did not know in any other way, to which side of the Ledger that entry must be posted?

7. What is the Bills Receivable account kept for?

8. If at the time the books are opened, there are notes or acceptances on hand, payable to the firm for which the books are being opened, what entries should be made for them?

9. After the books have been opened, when should the Bills Receivable account be debited, and when should it be credited?

10. In recording transactions which affect the Bills Receivable account, in what cases should the first entry be made in the Cash Book, and in what cases in the Journal?

11. If we sell a note that we hold, or have it discounted, what entries should be made on our books? If we give it to one of our creditors to apply on account, what entries?

12. What is the Bills Payable account kept for?

13. If at the time the books are opened, there are notes or acceptances outstanding, which the firm is to pay, what entries should be made for them?

14. After the books have been opened, when should the Bills Payable account be credited, and when should it be debited?

15. In recording transactions which affect the Bills Payable account, in what cases should the first entry be made in the Cash Book, and in what cases should the first entry be made in the Journal?

16. What is the Interest account kept for, and when should it be debited and when credited?

BILLS RECEIVABLE AND BILLS PAYABLE EXERCISES.

99. The Cash Book, Journal, Bills Receivable, Bills Payable, and Interest account entries for Exercise No. 16 will be found illustrated on pages **103 to 106.**

Look at each transaction in Exercise No. 16 and decide in your own mind, whether it should be entered in the Cash Book or in the Journal, and how the entry should read, and after deciding, turn to pages **103 to 105** and see whether or not it is entered in the book in which you thought it should appear and in the way you thought it should be entered.

After having decided about, and verified, the entry of all of the transactions in the Cash Book or Journal, you may take the Cash Book and look at each entry, and decide whether it should be posted to the Bills Receivable or to the Bills Payable account, and to which side of the account it belongs, and after deciding you may look and see whether or not it is posted to the account, and to the side of the account, to which you thought it should be posted.

After having decided and verified all of the postings from the Cash Book, you may turn to the Journal and look at each entry, and decide whether it should be posted to the Bills Receivable or to the Bills Payable account, and in each case to which side of the account, and after deciding you may look and see whether or not it is posted to the account, and to the side of the account to which you thought it should be posted.

BILLS

No.	When Rec'd	Drawer and Endorser	Drawee or Maker	In Whose Favor	For What Rec'd	Where Payable
1	10/21/19		C. N. Roderick	Student & Co	Mdse	Roderick Office
2	11/5		Ritz Bros.	"	"	Ritz Bros "
3	11/6		Jordan Stabler & Co	"	"	Jordan S & Co "
4	12/5		Oldershaw & Son	"	"	Oldershaws "
5	12/6		F. M. Smith	"	"	F. M. Smiths "
6	12/6		Bryant & Clarvoe	"	"	Bryant & Cs "
7	1/15	19	L. F. Adams	"	"	L. F. Adams "
8	1/2		Gold Bros.	"	"	Gold Bros "
9	1/3		O. J. Bruce	"	"	O. J. Bruces "
10	1/4		Ritz Bros.	"	"	Ritz Bros "
11	1/5		Oliver Brown	"	"	O Browns "
12	1/5		Bryant & Clarvoe	"	"	Bryant & Cs "
13	1/7		Thos. Brown	"	"	T Browns "

RECEIVABLE

Date			Time	When Due												Amount		Int. Rate	When and How Disposed of	
Year	Month	Day		Year	Jan	Feb	Mr	Apr	Ma	Jun	Jul	Aug	Sep	Oct	Nov	Dec				
19—	Oct	2	3mo	19—	2												185	—		½ Paid
	Nov	5	60ds		4												125	—	6%	¼ Renewed by No 10
		6	6mo						6								536	—		⅕ Paid 250 —
	Dec	5	30ds		4												380	—		¼ Paid
		6	30		5												51	—		⅕ Paid
		6	30		5												179	63		⅕ Renewed by No 12
19—	Jan	1	30	19—	31												683	—		
		2	60				2										1,150	—		½ Discounted
		7	60				8										119	25		
		14	30			3											125	—		
		2	30			1											63	—		
		5	60				6										399	07		
		7	3mo.					7									70	—		

BILLS

No.	When Given	Drawer and Endorser	Drawee or Maker	In Whose Favor	For What Given	Where Payable
1	10/1 19–		Student & Co	C.R. Fur Co	Mdse	Student & Co's Office
2	11/3		" "	G. Fur Co	"	" " "
3	11/6		" "	Woolson F. Co	"	" " "
4	12/6		" "	Exc. Mfg. Co	"	" " "
5	12/9	19–	" "	Ref. Mat. Co	"	" " "
6	1/3	H. Green & Co	" "	H. Green Co	"	" " "
7	1/4		" "	Rivers Fur Co	"	" " "
8	1/5		" "	Woolson F. Co	"	" " "
9	1/5		" "	Gambrill Co.	"	" " "
10	1/7	Wilson Fur Co	" "	Wilson Fur Co	"	" " "

PAYABLE

Date			Time	When Due												Amount		Int. Rate	When and How Disposed of
Year	Month	Day		Year	Jan	Feb	Mr	Apr	Ma	Jun	Jul	Aug	Sep	Oct	Nov	Dec				
19—	Oct.	1	3mo	19—	1												237	—	½	Paid.
	Nov.	5	60d		4												325	—	¼	Paid
		6	60		5												398	—	6% ⅓	Renewed by No. 8
	Dec.	8	30		7												390	—	⅐	Paid
19—	Jan.	2	60	19—			3										300	—		
			60				4										347	—		
			90					4									150	—		
			60				6										398	—		
			60				6										187	50		
			30			6											500	—		

The student will note that all of the posting that it is necessary to do from the Cash Book is done in the illustration, but that only half of the posting that it is necessary to do from the Journal is done in the illustration. The other part of the posting from the Journal is not done because the Personal accounts to which the Journal entries should be posted are not shown in the illustration. The student of course knows that every Journal entry must be posted to both the debit and the credit side of the Ledger, and that whenever the Bills Receivable account is debited, the Personal account of the person giving us the note or accepting our time draft must be credited, and that whenever the Bills Payable account is credited, the Personal account of the person to whom we give the note, or whose time draft we accept, must be debited.

The illustration does not show the entries that had been made to the Bills Receivable and Bills Payable accounts prior to the date of the transactions given as examples for the illustration. It shows only such entries as were occasioned by the examples.

EXERCISE NO. 16.

BILLS RECEIVABLE AND BILLS PAYABLE.

JANUARY 2, 19—.

Send Perfection Mattress Co. note at 60 days for $300.

Receive from L. F. Adams, note at 30 days from Jan. 1st for $683.

Pay note due Cedar Rapids Furniture Co., $237.

Have Gold Bros. note for $150, due in 60 days from this date, discounted, and receive from the bank, $148.45 for it.

3.

Mr. C. N. Roderick paid his note due today, $185.

Receive note at 60 days from Jan. 7th from O. J. Bruce in settlement of account $119.25.

Accept 60 day draft of Henderson, Greene & Co., for $347.

4.

Pay our note due Globe-Wernicke Co., $325.

Reitz Bros. renew their note for $125. They give us a new note for $125 due in 30 days, and pay interest due on old note, 63¢.

Send Rivers Furniture Co. a 90 day note for $150.

Receive from Oldershaw & Son, $380, in payment of their note due today.

5.

Jordan Stabler Co. pay us $250 on their note of $536.

Receive note at 30 days from Oliver Brown in settlement of his account, $63 (note 30 days from Jan. 2).

Receive from F. M. Smith, $51 in payment of his note due today.

Bryant & Clarvoe give us their note, due 60 days from today, for $399.07 in settlement of their note of $179.63, and balance on their account, $219.44.

We send the Woolson Spice Co., our note at 60 days for $398, renewing our note of like amount and enclose our check for $3.98 to pay the interest on the old note.

We buy from Gambrill Mfg. Co., flour worth $187.50, and give in payment our note due 60 days from today.

7.

Accept 30 day draft of Wilson Furniture Co., for $500.

Pay note due Excelsior Mfg. Co., $390.

Receive from Thomas Brown note due 3 months from date, $70.

Philadelphia, Jan 2, 19—

Refection Mattress Co.	300—	
Bills Payable, note 60 ds. 1/2		300—
Bills Receivable	683—	
L. F. Adams, note 30 ds. from 1/1		683—
3rd		
Bills Receivable	11925	
O. J. Bruce, note 60 ds. from 1/1		11925
Henderson, Greene & Co.	347—	
Bills Payable, accepted their draft		347—
at 60 ds. from 1/3		
4th		
Bills Receivable	125—	
Bills Receivable, Ritz Bros. renew:		125—
their note 30 days from 1/4		
Rivers Furniture Co.	150—	
Bills Payable, note 90 ds. from 1/4		150—
5th		
Bills Receivable	63—	
Oliver Brown, note 30 ds. from 1/2		63—
Bills Receivable	39907	
Bills Receivable, Bryant & Clarvoe's		17963
note renewed		
Bryant & Clarvoe on 1/5, new note 60 ds. 1/5		21944
Bills Payable	398—	
Bills Payable renewed our note due		398—
Woolson Spice Co., new note 60 ds. from 1/5		
Mdse.	18750	
Bills Payable, gave Lambrill Mfg. Co.		18750
note for flour 60 ds. from 1/5		
7th		
Wilson Furniture Co.	500—	
Bills Payable, accepted draft 30 ds		500—
from 1/7		
Bills Receivable	70—	
Thomas Brown, note 3 months from 1/7		70—

Cash

19—							
Jan	2	106	Bills Rec	G. Bros note dis 1/2	150	--	
	3	106	Bills Rec	C.N.R. 1/3	185	—	
	4	106	Interest	R Bros note 1/4		63	
		106	Bills Rec	O. & Son 1/4	380	—	
	5	106	Bills Rec	J.S. Co pay. note 536	250	—	
		106	Bills Rec	F.M.S. 1/5	51	—	1016 63
							1016 63
Jan	8		Balance				59 10

Cash

19—						
Jan	2	106	Bills Pay	C.R.F. Co. 1/2	237 —	
		106	Interest	Dis. G.B. note 1/2	1 55	
	4	106	Bills Pay	G.W. Co. 1/4	325 —	
	5	106	Interest	W.S. Co. 1/5	3 98	
	7	106	Bills Pay	E. Mfg. Co. 1/7	340 —	957 53
			Balance.			59 10
						1016 63

Bills Receivable

19–						19–					
Jan	2	Received	103	653	—	Jan	2	Cash	104	150	—
	3	"		119	25		3	"		185	—
	4	"		125	—		4	Renewed	103	725	—
	5	"		63	—			Cash	104	380	—
		"		399	07		5	"		51	—
	7	"		70	—			Renewed	103	179	63
								Cash	104	250	

Bills Payable

19–						19–					
Jan	2	Cash	105	237	—	Jan	2	Issued	103	300	—
	4	"		325	—		3	"		347	—
	5	Renewed	103	398	—		5	"		150	—
	7	Cash	105	390				"		395	
								"		187	50
							7	"		500	—

Interest

19–						19–					
Jan	2	Cash	105	155		Jan	4	Cash	104		63
	5	"		398							

EXERCISE NO. 17.

BILLS RECEIVABLE AND BILLS PAYABLE.

Make out all notes given by, and all drafts drawn by your firm in exercises 17 and 18.

_____ begins business March 1, (Monday) with a cash investment of $10,000 Buy
(Student's name)

from McGaw & Co., for cash, bill of groceries amounting to $4800.

Buy from Woolson Spice Co., bill of groceries amounting to $5600, giving in payment your note at 60 days from date, with interest.

6.

Sell to Snyder & Co., bill of groceries amounting to $650, receiving in payment, their note at 30 days.

9.

Buy from C. A. Gambrill Mfg. Co., bill of groceries amounting to $7540, giving in payment your note at 30 days.

12.

Sell to Reitz Bros., bill of groceries amounting to $1200, receiving in payment, their note at 60 days, with interest.

Pay for stamps, $20.

15.

Sell to F. W. Johnson, bill of groceries amounting to $2500, receiving in payment two notes, each for $1250, the first payable in 30 days and the other in 90 days.

16.

Buy from McGaw & Co., for cash, bill of groceries amounting to $3200.

Sell to Boyer & Co., bill of groceries amounting to $250, receiving in payment their note at 3 months.

24.

Sell to Maynadier & Co., bill of groceries amounting to $1500, receiving their note at 30 days for one half the amount, and cash for the balance.

27.

Sell to Jordan Stabler Co., on account, bill of groceries amounting to $2500.

29.

Buy from National Biscuit Co., bill of groceries amounting to $650, giving in payment Snyder & Co.'s note received on the 6th instant.

30.

Sell to F. W. Johnson, for cash, bill of groceries amounting to $275.

Sell to Bryant & Clarvoe, on account, bill of groceries amounting to $850.

Sell to Percy M. Reese, bill of groceries amounting to $925, receiving in payment his note at 30 days with interest.

Sell to Reitz Bros., bill of groceries amounting to $1500, receiving in payment their sixty day note for $500, cash $500, balance on account.

Pay clerks, $350.

APRIL 1.

Sell to Wm. Jackson, bill of groceries amounting to $342.10, receiving in payment his note at 60 days, bearing interest at 6%.

3.

Buy office furniture for $350, from Hall, Headington & Co., giving a note at 30 days in payment.

Pay for stationery, $38.

5.

Buy from McGaw & Co., on account, bill of groceries amounting to $720.

Sell to Jordan Stabler Co., for cash, bill of groceries amounting to $362.40.

8.

Sell to F. W. Johnson, bill of groceries amounting to $425, receiving in payment his note at 30 days.

14.

Give Alex. Yearly & Co., your note at 30 days to pay rent for March and April, $1500.

Buy from McGaw & Co., bill of groceries amounting to $1326.70, for which accept their draft at 90 days.

F. W. Johnson pays his note of the 15th ult., due today.

23.

Maynadier & Co., pay their note of March 24th.

29.

Percy M. Reese pays his note of March 30th and $4.62 interest.

30.

Pay note of 1st ult., favor of Woolson Spice Co., and $56 interest.

Sell Gold Bros., bill of groceries amounting to $625, for which they accept your draft at 3 months.

Pay clerks, $350.

MAY 3.

Pay note favor Hall, Headington & Co.,

8.

F. W. Johnson renews his thirty-day note due today, giving you a new thirty-day note bearing interest at 6%.

11.

Reitz Bros. pay their note of March 12th due today, and $12 interest.

Sell to Boyer & Co., bill of groceries amounting to $320, receiving in payment their note at 60 days.

15.

Renew your note due today in favor of Alexander Yearly & Company, giving a new thirty-day note bearing interest at 6%.

20.

F. W. Johnson pays his 90 day note of March 15th, less discount for 34 days, (discount $7.08).

24.

Sell to Reitz Bros., bill of groceries amounting to $1520, receiving in payment their note at 30 days for $800, and cash for balance.

Pay for advertising in "Sun," $150.

28.

Discount at the bank Boyer & Company's note of the 11th instant and receive $317.55 for it.

31.

Wm. Jackson pays his note of April 1st, and $3.42 interest thereon.

Pay clerks, $350.

Take a trial balance, and close the Ledger, using the following inventories: Mdse., $13,092.20; Store and Office Fixtures, $350.

EXERCISE NO. 18.

_____ begins a Wholesale Hardware Business Oct. 1, (Tuesday) with the following
(Student's name)
investment: Mdse., $5800; Cash $21,500; Store and Office Fixtures, $1200; C. C. Pursey & Co.'s note for $3600 for thirty days, dated Sept. 6th.; Marshall, Wescoat & Co., owe him, on account, $2546. He owes on a note in favor of Maryland Hinge Co., at 60 days, dated August 10 h, $783, and also owes National Tool & Stamping Co., on account, $1645.

OCT. 7.

Sell to Miles Hardware Co., bill of hdwe. amounting to $296, for which they accept your draft at 30 days.

Buy from Francis Albert & Co., bill of hdwe. amounting to $2400, giving in payment your note at 60 days, bearing 6% interest.

Pay for stamps, $25.

C. C. Pursey & Co. pay their note for $3600 due today.

9.

Accept draft drawn by National Tool & Stamping Co., at 30 days, for $645.

Pay rent, $400.

Pay note for $783, favor of Maryland Hinge Co.

12.

Sell to Frank Beall & Co., bill of hdwe. amounting to $1200, receiving in payment their note at 30 days, bearing 6% interest.

Buy from W. H. Cole & Son, hdwe. amounting to $324,60, for which accept their draft at 30 days in favor of Chicago Stamping Co.

Buy additional office furniture, $120.

15.

Marshall, Wescoat & Co., accept your draft at 30 days for $1000 favor of National Tool & Stamping Co.

Sell to J. A. Constantine on account, bill of hdwe. amounting to $523.10.

Sell Miller Hardware Co., bill of hdwe. amounting to $1213, receiving in payment their note at 60 days, with interest at 6%.

18.

Sell to J. R. M. Adams, on %, bill of hdwe. amounting to $215.

Pay for cleaning windows, $15.

24.

Sell to Young Bros. & Co., bill of hdwe. amounting to $762, receiving in payment their sight draft on Frank Beall & Co.

27.

Buy from Maryland Hinge Co., on account, bill of hdwe. amounting to $3400.

Sell to A. B. Cochrane for cash, bill of hdwe. amounting to $280.

Pay gas bill, $34.

Sell to Geo. Keller, Bill of hdwe. amounting to $1862.20, receiving in payment his note at 60 days.

30.

Sell to Union Hardware Co., bill of hdwe. amounting to $2500, receiving in payment their note at 30 days for $1750 and draft at 30 days drawn on C. S. Pitcher for $750.

Pay clerks, $400.

NOV. 2.

Sell Frank Beall & Co., bill of hdwe. amounting to $285, receiving in payment his note at 90 days.

6.

Sell to C. S. Pitcher, on account, bill of hdwe. amounting to $2500.

Pay Maryland Hinge Co., bill of Oct. 27 by giving them a sight draft which you draw on Marshall, Wescoat & Co., for $1546, and cash for the balance.

8.

Buy from Francis Albert & Co., bill of hdwe. amounting to $2000, giving in payment a check for $750, and your note at 30 days for the balance.

Pay for letter-heads and envelopes, $105.

Pay your acceptance of Oct. 9, favor of National Tool & Stamping Co.

11.

Sell Marshall, Wescoat & Co., bill of hdwe. amounting to $2400, for which they accept your draft at 30 days.

Frank Beall & Co., pay their note of Oct. 12 and 30 days' interest on same, $6.

Buy from Wm. H. Cole & Son, bill of hdwe. amounting to $2500, for which accept their draft at 30 days favor Vulcan Iron Works.

Pay your acceptance of Oct. 12, favor of Chicago Stamping Co.

14.

Have discounted at the bank Marshall, Wescoat & Co.'s acceptance, receiving from the bank $2388.80 for it.

16.

Buy from Frank B. Sloan & Co., bill of hdwe. amounting to $5600, giving in payment your note at 30 days.

Pay for stationery, $25.

27.

Sell to Cumberland Hardware Co., bill of hdwe. amounting to $1,163.40, receiving in payment their note at 90 days.

Buy from Henry Disston's Sons, on account, bill of hdwe., amounting to $1536.30.

30.

Receive from C. S. Pitcher $750 in payment of Union Hardware Co.'s draft on him in your favor, Oct. 30.

Sell to J. R. M. Adams, bill of hdwe. amounting so $293.20, receiving in payment his note at 60 days.

Union Hardware Co. pay their note of Oct. 30.

Pay clerks, $400.

DEC. 1.

Sell to A. B. Cochrane & Co., for cash, bill of hdwe. amounting to $342.10.

Sell to C. C. Pursey & Co., bill of hdwe. amounting to $256.20, receiving in payment their note at 30 days.

Sell to Union Hardware Co., on account, bill of hdwe. amounting to $386.

Pay freight, $320.

4.

Pay your acceptance of the 11th ult. in favor of the Vulcan Iron Works, less discount for the time it has to run. (Discount $2.92).

5.

Pay your note of Oct. 6, $2400, favor of Francis Albert & Co. (Interest on same $24).

Buy from National Tool & Stamping Co., on account, bill of hdwe., amounting to $3220.

8.

Pay your note of Nov. 8, favor of Francis Albert & Co.

Draw draft at 30 days on C. S. Pitcher, $1750, in favor of National Tool & Stamping Co.

10.

Buy of Anderson & Ireland, bill of hdwe. amounting to $2957, giving in payment your note at 30 days.

14.

Miller Hardware Co. pay their note of Oct. 15th. (Interest $12.13).

19.

Frank Beall & Co. pay their note of Nov. 2, less discount for 43 days. (Discount $2.04).

26.

George Keller pays his note of Oct. 27th.

31.

C. C. Pursey & Co. pay their note of Dec. 1.

Pay clerks, $400.

Take a Trial Balance and close the books, using the following inventories: Mdse. $19,486.20; Store and Office Fixtures, $1200; Expense, $250.

WRITTEN TEST NO. 8.

1. What is a promissory note? Draw up one for $1000 at 60 days, dated Dec. 1, 19—, in favor of John Wanamaker. Make it payable at 807 Chestnut St. Omit signature. (Never sign a note unless you mean to pay it).

2. Name the parties to a note.

3. What are notes used for?

4. What do you mean by Bills Receivable account? When is this account debited? When is it credited?

5. What entry is made when we transfer a note to a third party? When part payment is made on a note?

6. When there is a balance in the Bills Receivable account, on which side do you find it? What does it show?

7. What is an inventory? How do we take an inventory? What is meant by taking stock? Why is an inventory taken? When?

8. How is the gain or loss found on Mdse. account? How is mdse. account forwarded?

9. Into what account is Mdse. account closed? Expense?

10. What does the credit side of Loss & Gain account show? The debit side? The difference? Into what account is Loss & Gain closed?

11. What do we find in the proprietor's stock account?

12. To what account and to which side do you carry the gain shown by the Loss & Gain account? The loss?

13. What does the balance of the proprietor's stock account show after the books are closed? If on the debit side? If on the credit side?

14. What is meant by closing the Ledger? How often should books be closed? For what purpose?

15. What accounts do you make entries in at the time of closing books?

16. In closing books where and why do you use red ink?

17. How do you forward personal accounts?

18. What should you write in the accounts?

19. What should you write on the debit side of Jas. Stein's account:

When you sell him mdse?
Pay him money?
Give him a note?
Return to him mdse. you have bought of him?
Do work for him?

What would you write in the credit side, should these values pass from him to you?

20. What does the difference between the resources and liabilities of a business show at the time of opening the books? At the time of closing the books?

PRACTICE IN BOOKKEEPING.

From the preceding pages, you have learned the elementary theory of Double Entry Bookkeeping, and you are now ready to put the theory into practice by keeping complete sets of books by Double Entry.

CLASSIFICATION OF BOOKS.

100. The books used in bookkeeping are classified as follows:—Books of Original Entry, Books of Subsequent Entry, and Auxiliary Books.

101. **Books of Original Entry** are the books in which the first record of any transaction is made. The chief books of original entry are the Cash Book, the Journal, the Invoice Book, the Sales Book, the Voucher Register, and sometimes the Bill Book. Books of Original Entry are the books which will be admitted as evidence in court. In order that they may be used as evidence they should be entirely free from erasures and should contain full, clear, explanations of the transactions recorded in them. If an error has been made, it can be corrected by ruling two red lines through it and writing the correct entry above the one that is crossed out or by making a counter entry with a proper explanation and then making the correct entry.

102. **Books of Subsequent Entry** are books into which entries are posted or transferred from other books. The Ledger is the chief book of subsequent entry.

103. **Auxiliary Books** are books other than books of original entry and books of subsequent entry, which are kept to supply information about the business. Among the Auxiliary Books in most common use are Check Books, Bill Books, Receipt Books and Order Books.

ARRANGING ACCOUNTS IN THE LEDGER.

104. It is customary with bookkeepers to keep the proprietors' stock accounts, the proprietors' private accounts, and the general business accounts such as the Merchandise Account, the Store and Office Fixtures Account, the Teams and Auto Trucks Account, Stable and Garage Expense Account, Real Estate Account, Real Estate Expense Account, the Bills Receivable Account, the Bills Payable Account, the Merchandise Discount Account, the Expense Account, and the Loss and Gain Account in the first part of the Ledger.

The accounts with persons from whom the firm buys are grouped in another part of the Ledger, or are sometimes kept in a separate Ledger known as the Purchase Ledger, and the accounts with the persons to whom the firm sells are grouped in still another section of the Ledger or are kept in a separate Ledger known as the Customers' Ledger.

The bookkeeper from his knowledge of the business, can usually estimate with a fair degree of accuracy about what space should be allowed in the Ledger for each account. The student in ruling the Ledger for the succeeding sets, until further notice, may allow a full page for the Merchandise account, half a page for all other business accounts, and one-fourth page for each personal account.

INDEXING THE LEDGER.

105. Every account in the Ledger should be entered in the index at the time that the heading for the account is written in the Ledger. A Ledger index is arranged alphabetically and may be found in the front of the Ledger or it may be a separate book or a card index. When the name of the account is written in the index, the number of the page in the Ledger on which the account appears should be written after it. In a small Ledger such as is used in these practice sets, indexing may not seem to be of much consequence, but the student should form correct habits with reference to indexing right from the start. In actual business, where a Ledger may contain several hundred pages, if an account has not been properly indexed when it is opened, it may be necessary for the bookkeeper to spend a lot of time hunting for the account when he wishes to post to

it, or failing to find the account, the bookkeeper may think he has no such account and may open a second account with the same person or thing, in which case neither account will be complete until the mistake is discovered and the two accounts are united in one place.

106. In posting, a busy bookkeeper can sometimes save considerable time by having a junior clerk, before the posting is begun, look up the Ledger pages in the index and mark in the folio column opposite each item in the Cash Book and opposite each item in the Journal, the Ledger-page to which the item is to be posted. If this is done, the bookkeeper as he does the posting should make a check mark of some kind as each item is posted to indicate that the posting has actually been done.

107. A Card Ledger Index is a convenient form of index for a bookkeeper's use, since it can be consulted without turning over or closing a large Ledger every time the index is consulted.

Another plan adopted by many bookkeepers is to keep a card on which the accounts most frequently needed in posting are listed alphabetically with their page numbers. This card can be consulted at a glance and for that reason is much quicker for the accounts that it covers than either a regular index or a card index.

Probably the majority of bookkeepers soon memorize the page numbers of all accounts to which they post at all frequently and thus save the trouble of consulting any form of index except for accounts to which posting is of infrequent occurrence.

SET 1.

WHOLESALE PAPER BUSINESS.

108. In this set use the following accounts, besides the necessary personal accounts: _____ (Student's name) Stock Account, _____ (Student's name) Private Account, Merchandise, Expense, Store and Office Fixtures, Teams, Teams Expense Account, Interest and Discount, Merchandise Discount, Bills Receivable, Bills Payable, and Loss and Gain Account.

109. Do not get "Interest and Discount" and "Merchandise Discount" confused. Interest and Discount is the account used for the interest or discount on notes or drafts and time is an element in the computation of the interest or the discount. Merchandise Discount is the account used for all deductions from the face of a bill of merchandise for prompt payment, or payment within a specified time. It is simply a certain per cent. of the face of the bill and is computed without reference to time. The per cent. of discount and the time within which it may be claimed are stated in the terms of the bill. Merchandise discount often goes by the name of "Cash Discount."

110. The person who sells goods "on account," unless there is some understanding to the contrary, usually expects the purchaser to pay for the goods before the 10th of the month following the month in which the sale is made. All goods that you sell in this business, unless otherwise specified, are sold subject to the terms 2/10 N/30, which means that you will allow 2% discount for cash if the bill is paid within 10 days from the date of the sale or will expect payment without any discount in 30 days from the date of the sale.

JANUARY 2.

_____ (Student's name) begins a Wholesale Paper Business January 1, with a cash investment of $10,000.

Pay for one month's rent of store, $50; for office desk, $65; books, stationery, etc., $37.50.

Buy two horses, $175; two sets of harness, $50; wagon, $100.

Receive from Smith, Dixon & Co., on account, invoice of paper amounting to $1,560.

Pay one year's dues for membership in the International Creditors' Association, $48.

Pay for stamps, $2, for bill-heads and letter-heads, $34.

Take out insurance policy for one year in Hartford Insurance Co., ½% on $5,000, $25.

Do your posting after each day's transactions.

3.

Sell to Williams & Wilkins Co., 10,000 lbs. Butchers' Manilla at 2¢, 9,000 lbs. Jute Manilla at 6¢. Terms; 2/10 N/30. (When no address is given it is understood that the person is one of our city customers. Always place the address at the head of every Personal account in the Ledger.)

Receive invoice of paper from National Paper Co., New York, for $1,840, 2/10 N/30.

Pay for two office chairs, $6; for linoleum for office floor, $26.75.

4.

Receive from Weston Paper Co., Davis, W. Va., invoice of paper for $2,400. 2/10 N/30.

Sell J. E. Hurst & Co., 100 reams Butchers' Manilla at 40¢, 1,000 lbs. Manilla No. 1 at 2¾¢.

Sell Pearre E. Crowl Co., 10 reams Weston's Ledger at $12 a ream, 1,000 lbs. Tagboard at 3¢.

Sell Geo. Murphy 900 lbs. Letter-heads at 11¢, 1,200 lbs. Bill-heads at 10¢, 4,000 lbs. Gray Manilla at $1.50 per cwt.

Pay for Underwood Typewriter, and desk, $160, letter-press and copying books, $26.25.

5.

Receive from Williams & Wilkins Co., check in full of their account of the 3rd instant, less discount.

Receive from the Cumberland Paper Co., Cumberland, Md., invoice of paper amounting to $1,580, 2/10 N/30.

Sell to H. J. Fosnot, York, Pa., 900 lbs. Colored Flats at 7¢, 1,000 lbs. Extra Fine Flats at 9¢, 10,000 lbs. R. R. Manilla at 4¢, 2,500 lbs. Colored Express at 4½¢.

Sell W. W. Trout & Co., Norfolk, Va., 3,000 lbs. No. 2. Manilla at 3½¢, 5,000 lbs. No. 1 Manilla at 2½c.

Sell J. F. Clark, Salisbury, Md., 1,000 reams Light Straw at 25¢ per ream, 1,000 lbs. Gray Manilla at $1.50 per cwt., 1,000 lbs. Jute Manilla at 6¢, 1,300 lbs. Tagboard at 3¢.

Pay salaries as follows: Bookkeeper $12, Stenographer $8, Driver $10, Office Boy $3.

7.

Proprietor withdraws for private use, $50.

Pay for rent of stable one month, $10, for feed for horses, $8.50.

Cash sales for day amount to $75.80.

Send Smith, Dixon & Co., a check to pay bill of the 2nd instant, less discount of 2%.

Pay for two store trucks, $10.

Cash sales, $52.30.

9.

Sell to World Publishing Co., 9,500 lbs. Manilla at 2¢, 3,500 lbs. Tagboard at 3¢, 1,521 lbs. Extra Fine Flats at 9¢, 6,240 lbs. Colored Flats at 7¢.

Sell A. S. Abell & Co., 2,500 lbs. Jute Manilla at 6¢, 2,000 reams Butchers' Straw at 40¢ per ream.

Sell Friedenwald Co., 100 reams Weston's Ledger at $12 per ream, 800 lbs. Letter Heads at 11¢.

Have office partition put up worth $240, for which give Wm. C. Dulany your note due 60 days from date.

Cash sales, $72.40.

10.

Buy from Smith, Dixon & Co., 1/10 (1/10 indicates the date of the invoice, Jan. 10) $3,420, 2/10 N/60.

Buy from National Paper Co., New York, $1,735.20, 2/10 N/30.

Pay gas bill for _____ (Student's name) private residence, $8.50.

Cash sales, $45.80.

11.

Sell L. R. Guthbert on his note at 30 days, 2,700 lbs. Packet-heads at 11¢, 2,100 lbs. Extra Flats at 9¢, 2,200 lbs. letter-heads at 11¢.

Pay freight, $48.60, 5,000 Statements $12.

Cash sales, $126.30.

12.

Receive check from J. E. Hurst & Co. in payment of their bill of the 4th instant, less discount of 2%.

Receive check from Pearre E. Crowl Co. in payment of their bill of the 4th instant less discount of 2%.

Pay salaries: Bookkeeper $12, Stenographer $8, Driver, $10, Office Boy, $3.

Cash sales, $48.65.

14.

Send check to the National Paper Co. in settlement of invoice of 3rd inst., also to Weston Paper Co. in settlement of invoice of the 4th inst. Deduct 2% discount in both cases.

Receive from Geo. Murphy his check in full of his bill of the 4th instant, less discount.

Cash sales, $72.40.

15.

Send Cumberland Paper Co. check for bill of the 5th instant, less discount.

Pay plumber's bill, $41.60.

You may now take a trial balance, after which you may make out a Six Column Statement, using the following inventories:

Stock of paper	$5,640.92
Office desk	60.00
Books, stationery, etc	30.00
Partition, in office	240.00
Two horses	175.00
Wagon	100.00
Linoleum	15.00
Office chair	5.00
Two sets of harness	45.00
Stamps	1.10
Unexpired Insurance	24.00
Typewriter and desk	150.00
Letter press and copying books	24.00
Two store trucks	9.00
Prepaid rent of store	25.00
Unexpired membership in International Creditors' Association	46.00

111. You should form the habit of reviewing your work before presenting it to your teacher for approval.

111a. See that a full, clear explanation of every transaction is made in some book of original entry,—that is, the book in which an account of the transaction is first entered, as the Cash Book or the Journal.

111b. See that the date of the invoice, note, or acceptance paid, is entered in the Cash Book as part of the explanation in any entry covering interest or discount.

111c. See that payments properly chargeable to expense or to subdivisions of that account are not charged to fixtures, teams and wagons, automobiles, real estate, buildings, or other accounts representing the assets of the business.

111d. See that there is no omission of book folios in posting.

111e. Follow the Six Column Statement in closing the books and see that the Loss and Gain Account agrees exactly in all its parts with the Loss and Gain columns of the Statement; that the Present Worth brought down in the Proprietor's Stock Account agrees with the Present Worth on the statement. Do not fail to bring down the Present Worth, Inventories, and Balances, and check the items on the Statement as each account in the Ledger is found by actual examination and comparison to agree with it.

111f. See that the pencil balance of each account shows right on the face of the Ledger in the explanation space on the larger side of the account. See that this pencil balance agrees with the balance shown on the Statement sent out to the customer at the end of the month. This pencil balance will be the first item on the Statement sent out at the end of the following month. See that pencil figures, whenever addition is done, are right up against the last line used for ink figures and not larger than one-fourth of a space high. If made and placed as directed, the pencil figures need never be erased and will be of material advantage to the bookkeeper later on.

112. When the Six Column Statement has been finished, you will present it to the teacher for approval after which you may close the ledger.

113. After closing the Ledger, present all books for approval.

WRITTEN TEST NO. 9.

1. What advantage is derived from subdividing the Expense account?
2. Why is the proprietor's Private account opened? When debited? When credited?
3. Into what account is the prooprietor's Private account closed? When?
4. If a cash account is kept in the Ledger what amounts are posted to it? When?
5. Why do you carry the debits in the Cash Book to the credit side of accounts in the Ledger? The credits to the debit side of accounts?
6. What is meant by Ledger folio columns? What do you place in them?
7. Why are diagonal rulings placed in Ledger accounts?
8. How do you correct errors in the Journal? Cash Book? Ledger?
9. Name in their order the several steps to be taken when closing the Ledger.
10. What are resources? Liabilities?
11. If a Trial Balance does not balance what should be done?
12. Does the Trial Balance prove the Ledger to be absolutely correct?
13. What errors can there be in the Ledger when the Trial Balance balances?
14. What means have business men other than the Trial Balance of proving the Ledger correct?
15. Tell of two ways to find the Present Worth or Net Capital? The Net Gain?
16. Posting $104 to the wrong side of an account would throw your Trial Balance out how much? How would you look for errors of this sort?

COLUMNAR BOOKS.

114. In the work done thus far, we have used only the simplest forms of ruling in our bookkeeping but in most large businesses, forms of ruling are used which save the bookkeeper considerable work and time, thus enabling each bookkeeper to keep the records for a larger volume of business. Columnar books are one of the most important labor saving devices.

115. If a Cash Book with three money columns on each side is used, the first money column on the debit side may be used for Miscellaneous Credits, the second money column on the debit side may be used for Merchandise Credits and the third money column on the debit side may be used as a Total column. You will note that this is an addition of just one money column on the debit side of the cash book,—the column for Merchandise Credits. In a Cash Book of this kind, whenever money is received from the sale of Merchandise for cash, the amount received is extended into the Merchandise Cr. column and this amount need not be posted to the credit side of the Merchandise account separately, but the Merchandise Cr. column can be totaled and forwarded from page to page until the end of the month, at which time the Merchandise account can be credited in one entry for the total amount of the cash sales of merchandise during the month. In order to avoid danger of posting these Merchandise credits separately, it is well at the time the entry is made and extended into the Merchandise Cr. column, to make a check mark in the folio column in the cash book, thus indicating that the item is not to be posted separately but will be included in the total to be posted at the end of the month. Of course, all cash received from other sources than from the sale of merchandise for cash, is extended into the miscellaneous column on the debit side of the Cash Book and each item is posted separately as heretofore.

116. If a Cash Book has three money columns on the credit side, the first money column is usually used for Miscellaneous Debits, the second money column is usually used for Expense Debits and the third money column is used as a Total column. In a Cash Book of this kind whenever money is paid for anything that should be charged to Expense, the money paid is extended into the Expense Dr. column and a check mark is put in the folio column to show that this item need not be posted separately and this Expense Dr. column is added and forwarded from page to page until the end of the month, at which time the debits for the entire month can be carried to the Expense account in one entry.

117. For an illustration of a Cash Book with a Merchandise Cr. column on the debit side, and an Expense Dr. column on the credit side, see pages **120** and **121.**

118. You will note that the keeping of these special columns saves much of the time that would otherwise be spent in posting and that just the same thing is accomplished as by posting each of the items under consideration separately.

119. Firms frequently classify their receipts and expenditures in such a way as to enable them to use several special columns on each side of the Cash Book to advantage and when this is the case, each column is treated just like the Merchandise and Expense columns explained above.

120. In the Journal, special columns can be used to just as much advantage as in the cash book. In a three column Journal, the first column may be used for Merchandise Debits, the second column for Miscellaneous Debits and the third column for Credits. In a Journal of this kind, the Merchandise Debits are all entered in the Merchandise Dr. column and instead of being posted separately, they are totaled and carried forward from page to page until the end of the month and then the Merchandise account is debited in one entry for the whole amount. All other debits are extended into the Miscellaneous Dr. column and each of these is posted separately as heretofore. All credits in a three column Journal of this kind are also posted separately. For an illustration of a three column Journal such as has just been described, see page **122.**

121. In a four column Journal the first column may be used for Merchandise Debits, the second column for Miscellaneous Debits, the third column for Miscellaneous Credits and the fourth column for Merchandise Credits. In a Journal of this kind, the Merchandise Debits are all ex-

tended into the Merchandise Dr. column and the Merchandise Credits are all extended into the Merchandise Credit column and instead of being posted separately these amounts are totaled and carried forward from page to page until the end of the month and the totals are posted to the debit and credit sides respectively of the Merchandise account. All other debits are, of course, extended into the Miscellaneous Dr. column and all other credits are extended into the Miscellaneous Cr. column, and each of these items is posted separately to the appropriate account.

For an illustration of a four column Journal such as has just been described, see page 123.

SET 2.

122. In this set you may use a Cash Book with three money columns on each side, using the extra column on the debit side for Merchandise Credits and the extra column on the credit side for Expense Debits. A four column Journal may also be used. Use the special columns for Merchandise Debits and Merchandise Credits.

The transactions in this set are a continuation of the business conducted in the preceding set, therefore do not open a new set of accounts in the Ledger, but use those already opened.

WHOLESALE PAPER BUSINESS OF_____ CONTINUED.
Student's name

JANUARY 16.

Buy of Smith, Dixon & Co., invoice of paper amounting to $3,120.24, 2/10 N/30.
Sell to Williams & Wilkins Co., 3,400 lbs. Letter-heads at 11¢.
Receive from H. J. Fosnot, check for bill of the 5th instant, less 2% discount.
Sell to J. E. Hurst & Co., 1,500 reams light straw at 25¢ per ream.
Receive check from W. W. Trout & Co. for bill of the 5th instant, less 2% discount.
Pay for having horse shod, $4.75.
Cash sales, $39.25.

17.

Sell Pearre E. Crowl Co., 25,000 lbs. Gray Manilla at $1.50 per hundred lbs.
Sell A. S. Abell Co., 50 reams Weston's Ledger at $12 per ream, receiving their note at 30 days for one-half the amount, balance on account.
Pay rent on _____ private dwelling, $25.
(Student's name)
Sell the World Publishing Co., 1,520 lbs. Tagboard at 3¢.
Pay for stamps, $3.50.
Cash sales, $39.40.

18.

Buy stationery for office use, $3.87.
Pay for feed for horses, $5.60.
Sell George Murphy, 5,600 lbs. Jute Manilla at 6¢.
Sell J. F. Clark, 2,400 lbs. Extra Fine Flats at 11¢.
Cash sales, $52.81.
Pay Smith, Dixon & Co. for bill received the 10th instant, less 2% discount.

19.

Receive from World Publishing Co., check for bill of the 9th instant, less discount.
Receive from A. S. Abell Co., check for bill of 9th inst. less discount.
Pay $8 for ton of hay for horse.
Sell Friedenwald Co., 2,300 lbs. R. R. Manilla at 4¢.
Pay salaries as follows: Bookkeeper, $12, Stenographer, $8, Driver, $10, Office Boy $3.
Cash Sales, $121.40.

Cash

19—				Miscel.	Mdse.	Total
Jan. 1			Balance on hand			1000 —
		45	Jas. Graves, on a/c	250 —		
		✓	Mdse. Cash Sales		127 50	
	2	92	Bills Rec. #5	75 —		
		49	Store & Office Fixtures, Sold desk	15 —		
		51	Geo. Agnell on a/c	120 —		
		62	Percy M. Reese on a/c	40 —		
		73	S. N. Bloom a/c in full	19 50		
		✓	Mdse. Cash Sales		62 50	
	3	24	James Black, bill, 1st inst.	236 73		
		33	C. C. Pursey on a/c	50 —		
		92	Bills Rec. #1	110 —		
		8	Int. & Disct, int. on above	1 10		
		57	E. C. Schull, a/c in full	31 40		
		✓	Mdse. Cash Sales		75 40	
	4	123	Boyer & Co. bill 2 d inst.	60 50		
		110	Ritz Bros., on a/c	35 40		
		95	Jas. Barbour, on a/c	45 —		
		92	Bills Rec. #20 Discounted	250 —		
		✓	Mdse. Cash Sales		36 40	
	5	103	Marshall, Viscoatt & Co, on a/c	25 —		
		120	Gold Bros., bill, 3 d inst.	34 60		
		✓	Mdse. Cash Sales		54 80	
	6	35	Frank Stockton, bill 1st inst.	75 99		
		38	Jas. Schoenwolf, on a/c	50 —		
		43	Maynadier & Co, on a/c	100 —		
		92	Bills Rec. #3	150 —		
		8	Int. & Disct, int. on above	1 50		
		140	L. L. Smythe on a/c	20 —		
		15	Mdse. Cr.	356 60		2153 32
						3153 32
19— Jan. 8			Balance			2353 09

Cash

19				Miscel.		Expense		Total	
Jan	1	✓	Expense. Ink				50		
		5	Rent, 3 mos. store rent	300	—				
	2	✓	Expense. Ice			5	40		
		204	F. C. Cook, on a/c	200	—				
		✓	Expense, Pens 25¢ Pencils 75¢			1	—		
	3	6	Mdse. Disct. Jas. Black	4	73				
		214	National Biscuit Co. on a/c	250	—				
		✓	Expense, Gas bill			13	20		
	4	6	Mdse Disct. Boyer & Co.	1	20				
		8	Int. & Disct. 60 ds. #20	2	50				
	6	6	Mdse. Disct. Frank Stockton	15	20				
		✓	Expense. Painting wall			6	50		
		10	Expense Dr.	26	60			800	23
			Balance					23	09
								31	32

January 1, 19 —

		Mdse. Dr.	Other Dr.	Cr.
	Mdse.	526 75		
214	National Biscuit Co.			526 75
	Invoice 2/10 n/30			
92	Bills Rec. #9		600 —	
55	James Clark			600 —
	Note in full of a/c			
	Jan. 2.			
	Mdse.	3 —		
39	G. F. Franklin			3 —
	Ret. 60 lbs. damaged rice @ 5¢			
	Mdse.	465 40		
250	B. T. Babbitt & Co.			465 40
	Invoice 1½/10 n/30			
	Mdse.	360 25		
261	Woolson Spice Co.			360 25
	Invoice 2/10 n/30			
	Jan. 3.			
92	Bills Rec. #11		242 50	
78	Thos. G. Cranwell & Co.			242 50
	Note on a/c			
	Mdse.	125 —		
256	C. A. Gambrill Mfg. Co.			125 —
	Invoice 2/10 n/30			
	Mdse.	340 —		
264	Wm. N. Cole & Son			340 —
	Invoice 2/10 n/60			
15	Mdse. Dr.	1820 40		

January 1, 19 –

Mdse.	Miscel.			Miscel.	Mdse.
250 –			Mdse. C. A. Gambrill Mfg. Co. Bill of 29th ult.	56 250 –	
	25 –	101	Boyer & Co. Mdse. 10 cases Coffee @ 2.50		25 –
	57 –	105	Jordan Stabler & Co. Mdse. 6 boxes Ivory Soap @ 8.00 12 doz. cans Tomatoes @ 75¢		57 –
125 –			Mdse. National Biscuit Co. Bill of this date	42 125 –	
	56 –	124	Bills Rec. Percy M. Reese No. 10 a/c to date	124 56 –	
	58 –	118	Gold Bros. Mdse. 24 doz. cans Corn @ 75¢ 10 bbls. Flour @ 4.00		58 –
7 50			Mdse. Maynadier & Co. Returned 10 doz. cans Corn which were unsalable @ 75¢	13 7 50	
398 –			Mdse. Woolson Spice Co. Bill this date	35 398 –	
	250 –	56	C. A. Gambrill Mfg. Co. Bills Pay. No. 5. for bill 1st inst.	98 250 –	
	24 –	108	John Lang Mdse. 6 bbls. Flour @ 4.00		24 –
780 50		10	Mdse. Dr.	Mdse. Cr. 10	164 –

21

Sell Pearre E. Crowl Co. 13,000 lbs. Gray Manilla at $1.50 per hundred lbs.

Pay freight on invoice received from Smith, Dixon & Co., $42.60

_____ wi hdraws for personal use $230. (When a check is written for money that the
(Student's name)
proprie or draws for his own private use, the check shou'd be made payable to the order of the proprietor's name; when a check is written for money that is to be used in the business, the check should be made payable to the order of Cash)

Sell H. J. Fosnot, 3,250 lbs. Jute Mani a at 6¢.

L. R. Guthbert prepaid his note of the 11th instant, less 22 days' interest.

Buy two new chairs for office, $5.75.

Pay for floor brush, $3.50.

Cash sales, $285.60.

22.

Sell Geo. Murphy on his note at 30 days, 3,210 lbs. Colored Flats at 7¢, 2,950 lbs. Bill-heads at 11¢.

Pay for repairs to wagon, $5.60.

Buy of Parsons Paper Co., Holyoke, Mass, invoice of paper amounting to $2,150 62, 2/10 N/30.

Sell Williams & W lkins Co., 2,460 lbs. Packet-heads at 11¢, 3,200 lbs. Letter-heads at 11¢.

Cash sales, $230.01.

23.

Receive check from Williams & Wilkins Co., for bill of the 16th instant, less 2%.

Sell W. W. Trout & Co., 3,300 lbs. Bill-heads at 11¢, 4,100 lbs. R. R. Manilla at 4¢, receiving their note at 30 days for one-half the amount, balance on account.

Send check to Parsons Paper Co. for $1,225 in part payment of bill bought yesterday, discount, $24.50.

Pay for advertisement in "Sun," $25.

Cash Sales, $124.32.

24.

Sell Geo. Murphy 100 reams Weston's Ledger paper at $12 per ream.

Receive from J. E. Hurst & Co., check in full for bill of the 16th instant, less 2% discount.

Pay for having harness repaired, $2.50.

Receive from Pearre E. Crowl Co., check for $269.50 in part payment of bill of the 17th instant, discount $5.50.

Cash sales, $95.

25.

Buy of National Paper Co., invoice of paper amounting to $1,320.68, 2/10 N/30.

Sell H. J. Fosnot, 850 reams Light Straw at 25¢ per ream.

Sell Friedenwald Co., on their note at 60 days bearing 5% interest, 120 reams Weston's Ledger paper at $12 per ream.

Receive from A. S. Abell Co., check for balance of bill of the 17 instant, less 2% discount.

Buy of Smith, Dixon & Co., bill of paper amounting to $2,361.82, 2/10 N/30.

Cash sales, $39.62.

26.

Pay cash for stationery for use in office, $3.20.

Sell J. E. Hurst & Co., 12,500 lbs. Jute Manilla at 3½¢.

A. S. Abell Co. prepay their note of the 17th instant, $300 less discount to maturity. (23 days' interest.)

Pay salaries as follows: Bookkeeper, $12, Stenographer, $8, Driver, $10, Office Boy, $3.

28.

Receive of Geo. Murphy, check in full of bill of the 18th instant, less 2%.

Sell Pearre E. Crowl Co., 4,250 lbs. Colored Flats at 4½¢.

Receive cash, of J. T. Clark in full of bill of the 18th instant, less 2% discount.

Pay freight bill on invoice received 25th instant, $52.80.

Buy two new bridles for use on team, $8.75.

Cash sales, $240.32.

29.

Buy of Parsons Paper Co., invoice of paper amounting to $1,426.53, 2/10 N/30.

Sell to World Publishing Co., 4,000 reams Butchers' Straw at 40¢ per ream.

Sell to W. W. Trout & Co., 15,000 lbs. Gray Manilla at $1.50 per cwt.

Receive from Friedenwald Co., check for invoice of 19th, less 2%.

Sell Pearre E. Crowl Co., 1,000 lbs. Letter-heads at 11¢, receiving his note at 60 days for half the amount, balance on account.

Pay $2 for stamps.

Cash sales, $260.

30.

Receive from Geo. Murphy, on account, $475.

Buy of National Paper Co., bill amounting to $1,875.65, giving our note at 60 days in payment.

Sell J. F. Clark, 75 reams Weston's Ledger at $12 per ream.

Sell A. S. Abell Co., 1,625 lbs. Jute Manilla at 6¢.

Sell Williams & Wilkins Co., 2,075 lbs. Tagboard at 3¢.

Cash sales, $128.32.

31.

Sell to J. E. Hurst & Co., 794 lbs. Colored Flats at 7¢.

Receive of Pearre E. Crowl Co., check in payment of his bill of the 21st instant, less 2% discount.

Pay salaries: Bookkeeper, $12, Stenographer, $8, Driver, $10, Office Boy, $3, also pay laborers in warehouse, $200.

Cash sales, $34.80.

123. Take a Trial Balance, then make out a Six Column Statement and present it to the teacher, using the following inventories:

Stock of paper	$6,310.38
Office desk	55.00
Books, stationery, etc	25.00
Partition in office	240.00
Two horses	175.00
Wagon	100.00
Harness	40.00

Stamps	1.30
Unexpired insurance	23.00
4 office chairs	8.00
Linoleum on floor	15.00
Letter press and copying books	20.00
Typewriter and desk	145.00
Two store trucks	9.00
Unexpired membership in International Creditors' Association	44.00

124. After the Six Column Statement has been finished, if it is approved, use it as a guide in closing the Ledger. When you have closed the Ledger, present all the books at the teacher's desk for approval.

WRITTEN TEST NO. 10.

1. What is a draft? When and why is a draft used?
2. Give the form and wording of a three-party time draft; a three-party sight draft; a two-party sight draft.
3. Who are the original parties to a draft?
4. Could there be subsequent parties? Explain.
5. Three-party drafts serve a double purpose; two-party a single purpose. Explain.
6. With reference to time in how many ways are drafts drawn? Draw the forms.
7. What are sight drafts presented for? To whom are they presented? By whom?
8. Time drafts are presented twice. Why?
9. What do you mean by acceptance? When is it necessary to date the acceptance and when not? Accept the drafts drawn by you to illustrate question #6 to show what you mean.
10. Where is a draft usually payable?
11. Where may it be made payable?
12. Give drawer's entry for a three-party sight draft; for a three-party time draft; for a three-party sight draft returned unpaid; for a three-party time draft dishonored which he pays; his entry for a two-party sight draft.
13. Give the drawee's entry for a three-party time draft when accepted; two-party sight draft when paid; three-party sight draft when paid; both time and sight drafts when dishonored upon presentation.
14. Give the payee's entry for a three-party time draft when accepted; when paid; sight draft when paid; both time and sight drafts when returned dishonored; time draft dishonored at maturity after having been accepted when presented for acceptance; also, when taken up (paid) by the drawer.
15. After a draft has been paid who holds it? After it has been accepted who holds it?
16. Why do so many business men object to having drafts drawn upon them?
17. To which party is a three-party draft sent? Why? How about a two-party draft? Why?
18. Should the drawer notify the drawee that he has been drawn on? Why?
19. What account is credited with our acceptances; debited with acceptances in our favor?
20. How is paper collected for us by a bank when the drawee or maker lives in another city?
21. Failing to post an entry for $175.38 to an account throws your Trial Balance out how much? How would you look for and locate an error of this sort?

THE SALES BOOK.

125. When a Sales Book is kept, all sales on account are entered in the Sales Book instead of being entered in the Journal. A proper Sales Book entry consists of the name and address of the person to whom the goods are sold, the terms of the sale and an enumeration or description of the items sold, together with the prices and the amount of the bill. The name, the address and the terms may all be written on the first line under the date of the transaction, or the name and the terms may be written on the first line under the date and the address on the second line. The above information is followed by items which should be begun about half an inch further to the right than the name, to avoid confusion and possible omissions in posting. The first money column in the Sales Book is an item column and the second money column is the total column. If there is only one item in the sale, it appears in the total column only. If there are two or more items the items appear in the item column and the total of the sale appears in the total column. A common form of Sales Book, with entries appropriately arranged, is shown on page 128.

126. Two of the chief objects in keeping a Sales Book, instead of entering the Sales on account in the Journal, are,—first, to have a record of the Sales on account separate from the other transactions of the business, and, second, to save work in posting.

In posting from the Sales Book to the Ledger, the total amount of each sale is posted direct to the debit side of the account of the person to whom the sale is made, with the date of the transaction, the explanation "Mdse." and a notation of the terms if they differ in any respect from the usual terms on which sales are made, and the proper folio number. This posting of the debits from the Sales Book should be done daily and of course the proper Ledger folio should be entered in the Sales Book as each sale is posted. The credits to the Merchandise account are not posted separately for each sale but are totaled and carried forward from page to page until the end of the month and then one credit to the Merchandise account or to the Merchandise Sales account, if such an account is kept, is made, with the last date of the period for which the posting is done and the explanation "Sales for (name of the month) and the Sales Book folio." You will note that this saves half of the posting so far as sales on account are concerned. The decrease in the number of postings decreases correspondingly the likelihood of errors and increases proportionately the volume of business that can be entered or recorded by the bookkeeper.

127. In large businesses often two or more Sales Books are kept at the same time. For instance, two Sales Books may be kept so that while entries are being made in one of the Sales Books, the bookkeeper may have the other from which to post. In such a case, the Sales Books would be used in rotation, probably on alternate days, or a number of Sales Books may be kept, one for each of the several Departments in a business. Very frequently the entries in the Sales Book instead of being made just at the time of the sales, are made from Sales Sheets or Order Forms which the salesman makes out at the time of the sale, and which are turned in to the Accounting Department as vouchers for the bookkeeping records. The Sales Sheets or Order Forms are usually made out in triplicate. The original is given to the Shipping Department from which to make shipment or fill the order. The duplicate is given to the Accounting Department from which to do the bookkeeping and billing, and the triplicate is given to the customer as a memorandum of his order.

THE INVOICE BOOK.

128. The Invoice Book is similar to the Sales Book except that it contains a record of purchases on account instead of a record of sales on account. It is kept with the same objects in view, namely, first, to have a record of all purchases on account separate from the other transactions of the business, and second, to save work in posting.

Invoice Books are of several different forms. An illustration of a desirable form with entries appropriately arranged, is shown on page 129. In this form you will note that the only information contained in the Invoice Book is the date of the invoice the name and address of the person from

January 1, 19—

24	James Black, Towson				
	45 bbls. XXXX Flour	@ 3.50	157 50		
	3 " G. Sugar 313-326-375	@ 4½¢	45 63		
	210 lbs. Ham	@ 16¢	33 60	236 73	
35	Frank Stockton, Annapolis				
	2 bbls. Syrup, 42½-45	@ 42¢	36 75		
	1 sack Rio Coffee, 152 lbs.	@ 12¢	18 24		
	1 chest Tea, 60 lbs.	@ 35¢	21 —	75 99	
92	Bills Receivable, F. K. Smith, Belair #10				
	10 bbls. Apples	@ 4.00	40 —		
	25 " W. & S. Flour	@ 4.50	112 50		
	200 bu. Potatoes	@ 75¢	150 —	302 50	
	Jan. 2.				
110	Reitz Bros., City				
	2 bbls. G. Sugar 312-315	@ 4½¢	28 22		
	12 doz. cans Tomatoes	@ 75¢	9 —		
	24 " " Corn	@ 75¢	18 —		
	110 lbs. Ham	@ 16¢	17 60	72 82	
123	Boyer & Co., City				
	5 bbls. W. & S. Flour	@ 4.50	22 50		
	5 " Family Flour	@ 4.00	20 —		
	1 sack Rio Coffee, 150 lbs.	@ 12¢	18 —	60 50	
	Jan. 3.				
92	Bills Receivable Maynadier & Co. #12				
	24 doz. cans Peas	@ 75¢	18 —		
	24 " cans Corn	@ 75¢	18 —		
	10 bbls. Family Flour	@ 4.00	40 —		
	50 bu. Potatoes	@ 75¢	37 50	113 50	
15	Mdse. Cr.			862 04	

September 2, 19—

81	National Tool & Stamping Co			125 60
	Invoice No 1	2/10 n/30		
14	Francis Albert & Co			515 87
	Invoice No 2	2/10 n/30		
	3			
25	Henry Disston's Sons			510 —
	Invoice No 3	2/10 n/30		
	4			
20	William D. Cole & Sons			375 35
	Invoice No 4	2/10 n/30		
	5			
18	Anderson & Ireland			346 67
	Invoice No 5	2/10 n/30		
14	Frances Albert & Co			472 37
	Invoice No 6	2/10 n/30		
	6			
81	National Tool & Stamping Co			324 —
	Invoice No 7	2/10 n/30		
	7			
96	Frank B Sloan & Co			273 87
	Invoice No 8	2/10 n/30		
84	New England Cutlery Co	New Haven		436 75
	Invoice No 9	2/10 n/30		
	12			
20	William D. Cole & Sons			235 27
	Invoice No 10	2/10 n/30		
5	Mdse Purchases Dr			3615 75

whom the purchase is made, and the terms and the amount of the invoice. This form of invoice book presupposes an invoice file in which all invoices are preserved, filed either according to date, numerically, or alphabetically, so that they can be easily referred to if additional information about any invoice is wanted at any time.

In posting from the Invoice Book to the Ledger, the total amount of each purchase is posted direct to the credit side of the account of the person from whom the purchase is made, with the date of the invoice, the explanation "Mdse." and the notation of the terms on which the purchase is made and the proper Invoice Book folio number. This posting of the credits from the Invoice Book should be done daily and of course the appropriate Ledger folio should be entered in the Invoice Book as each purchase is posted. The debits to the Merchandise account or to the Merchandise Purchases account, if such an account is kept, are not posted separately for each purchase, but are totaled and carried forward from page to page in the Invoice Book until the end of the month and then one debit to the Merchandise account or to the Merchandise Purchases account if such an account is kept, is made, with the last date of the period for which the posting is done, and the explanation "Purchases for (the name of the month)" and the Invoice Book folio. You will note that this saves half of the posting so far as purchases on account are concerned.

129. An Invoice Book might be written up in full like a Sales Book, and because of the saving in posting, still be a distinct gain over the entering of all purchases on account in the Journal, but this would be unnecessary work, since it is so easy to preserve the invoices themselves for reference and additional work is always to be avoided, unless some definite advantage is gained by doing it, because additional work, to that extent, limits the capacity of the bookkeeper to handle a large volume of business.

130. Another form of Invoice Book in quite general use, is a blank book with money columns at the right hand side of the page, similar to the ruling of an ordinary Journal, made up like a scrap book so that the invoices as received can simply be pasted into the book and the total of each purchase extended into the money column, so as to be totaled and carried forward from page to page until the end of the month and then posted to the debit s de of the Merchandise account or of the Merchandise Purchases account, the same as in the case of the Invoice Book previously described. With this form of Invoice Book, of course each purchase would be posted direct from the invoice to the credit side of the account of the person from whom the purchase is made.

131. In pasting invoices in an Invoice Book of this kind, paste the first invoice at the top of the page by using a little paste or mucilage on each of the four corners of the invoice. Be careful that the right-hand edge of the invoice reaches just to where the money column in the Invoice Book begins. In pasting the second invoice on the page, put the paste or mucilage on the lower corners only and lay the invoice so that the top of it will come just below the name and address and terms on the first invoice. The third invoice is pasted in just the same way as the second, by the bottom corners only, and is laid so that the name and address and terms of the second invoice show, and so on down the page until the page is full. Then begin the next page just as this one was begun. You will note that if the invoices are pasted in the manner directed, you can read all of any invoice by simply holding up the tops of any invoices which cover the invoice you desire to consult. The invoice to which you desire to refer will be found easily because the invoices are arranged in the book approximately in the order of their dates and in every case the name of the person from whom the purchase is made is exposed to view.

132. Sales Books similar to the form of Invoice Book just described are in use to a considerble extent. Sales Books of this kind are made up by pasting the carbon copies of bills that are made out for sales on account, in a blank Sales Book with a money column at the right-hand side of the page. The pasting, totaling and posting of such a Sales Book is similar to the same work in the Invoice Book just described.

133. Many firms now use Billing Machines and Bookkeeping Machines of various makes by which, through the use of carbon paper, the Sales Book entry is made at the same time that the bill is written.

The bookkeeper who understands the principles explained herein, can readily adapt himself to any method that may be in use by the firm with which he finds employment.

THE PETTY CASH BOOK.

134. In most businesses there are a number of small items of expense paid from day to day that the bookkeeper prefers not to enter and post separately and that the proprietor is satisfied to have entered at regular intervals in a lump sum. Such items, for instance, as "Newspaper for the month, 26¢," "Carfare for clerk sent on an errand, 10¢," "Telegram, 25¢," "Removing Rubbish, 50¢," etc. Small items of this kind of infrequent or irregular occurrence are often handled through a Petty Cash Book or Petty Cash Account. To do this, the regular Cash account is credited with, say Ten Dollars, and a Petty Cash Fund account is opened and is debited with the same amount, and that sum of money is taken from the regular cash drawer and put in some other place where it will be accessible as needed. Then whenever an expenditure of the class referred to is made, the money is paid from this special fund and the payment is entered on the credit side of the Petty Cash Book. The total of payments made out of the fund plus any of the fund left on hand always equals the face figure of the fund, say $10.00 e.g., according to the Petty Cash Fund clerk's book, the payments for the month up to this date amount to $7.46. Now, if she has $2.54 still on hand her work is correct. At the end of the month, the amount of these Petty Cash expenditures is counted up, classified according to the different expense accounts in use and entries are made upon the General Cash Book to cover the payments made. An equal amount should then he transferred from the regular Cash drawer to the Petty Cash drawer, which will of course restore the Petty Cash Fund to its original amount. The Petty Cash account can be and probably should be proved daily by whoever is in charge of it, just like the regular Cash account is proved daily, and of course, the Petty Cash is not counted as part of the regular cash on hand in the daily proving of the regular Cash account, because an entry has been made in the Cash Book showing the amount of the fund as having been actually paid out, that is, the regular Cash account has been credited for it, the credit to the cash account having been balanced by a debit to Petty Cash.

SUBDIVISION OF THE MERCHANDISE ACCOUNT.

135. In many large businesses, it is considered desirable to know from month to month and from year to year exactly what the total cost of the Merchandise Purchased has been for any given period and exactly what the net return from the sale of Merchandise has been for the same period. This is accomplished by keeping on the one hand a "Merchandise Purchases" account with a number of subsidiary accounts such as "Cash Discounts on Purchases," "Purchases Returned" and "Freight Inward" and on the other hand a "Merchandise Sales" account with subsidiary accounts such as "Cash Discounts on Sales," "Sales Returned" and "Freight Outward."

136. If the Merchandise account is subdivided in the manner above mentioned, at the beginning of a business or after the books have been closed, the Merchandise account stands debited with the amount of Merchandise on hand as per inventory and no further entries are made to the Merchandise account until it is desired to close the books. At the time of closing, the Merchandise account is debited through a Journal entry with the net cost of all goods purchased as shown in the Merchandise Purchases account and, through another Journal entry, is credited with the net proceeds from all goods sold as shown in the Merchandise Sales account, after which the Merchandise account may be closed just as though there had been only the one Merchandise account.

137. With the subdivision mentioned, Merchandise Purchases is debited for the face of the bill whenever Merchandise is purchased. If the purchase is on account, the person from whom the purchase is made is credited for the same amount. If the purchase is for cash, cash is credited for the same amount. If there is a discount on the purchase for prompt payment and the bill is paid within the required time and the discount secured, the debit for the face of the bill to the account of the person from whom the purchase is made, is balanced by two credits, one to the cash account for the amount of cash actually paid and one to the Cash Discount on Purchases account for the amount of the discount secured.

138. If goods which have been purchased are for any reason whatever returned to the person from whom they were purchased, the person from whom they were purchased is debited and the Purchases Returned account is credited.

139. Whatever freight and drayage is paid on goods that have been purchased is debited to the Freight Inward account, Cash, or an account with the Railroad or Drayman, if such an account is kept, being credited.

140. At a time when the books are to be closed, the accounts with Cash Discounts on Purchases, Purchases Returned, and Freight Inward, are closed through Journal entries into the Merchandise Purchases account before that account is closed into the Merchandise account. The Journal entries would be as follows: Cash Discounts on Purchases, debtor, to Merchandise Purchases, creditor, (the Discounts on the Purchases decrease the net cost of the purchases). Purchases Returned, debtor, to Merchandise Purchases, creditor (The Purchases Returned decrease the net cost of the Merchandise). Freight Inward creditor, to Merchandise Purchases, debtor (the freight and drayage paid on the Merchandise Purchased increase the actual cost of the Merchandise).

141. The treatment of the Merchandise Sales account corresponds with the treatment of the Merchandise Purchases account.

142. Merchandise Sales is credited for the face of the bill whenever Merchandise is sold. If the sale is on account, the person to whom the sale is made is debited for the same amount. If there is a discount on the sale for prompt payment of the bill and the customer avails himself of the discount the credit for the face of the sale to the account of the customer is balanced by two debits, one to the Cash account for the amount of Cash received and the other to the Cash Discount on Sales account for the amount of the discount allowed.

143. If goods that have been sold are for any reason whatever returned to us, the Sales Returned account is debited and the account of the person who returned the goods is credited.

144. If we pay any freight or drayage on goods that we have sold as when we sell goods F. O. B. our own city (drayage) or F. O. B. any other city, (drayage and freight) Freight Outward is debited and cash or our account with the drayman or the railroad, according to the facts in the case, is credited.

At a time when the books are to be closed, the accounts with Cash Discounts on Sales, Sales Returned, and Freight Outward are closed through Journal entries into the Merchandise Sales account before that account is closed into the Merchandise account. The Journal entries would be as follows: Cash Discounts on Sales, creditor, to Merchandise Sales, debtor. (The discounts on the sales decrease the net returns from the sales.) Sales Returned, creditor, to Merchandise Sales, debtor. (The sales returned to us decrease the net returns from the sales.) Freight Outward, creditor, to Merchandise Sales, debtor. (The freight and drayage paid on goods sold decrease the net returns from the sales.)

145. After the Subsidiary accounts have been properly closed into the Merchandise Purchases account and the Merchandise Sales account, respectively, those accounts are closed into the Merchandise account as above noted.

PARTNERSHIP.

146. When two or more persons engage in a business together each contributing capital or services or both, and agreeing to share the profits (and usually the losses) a partnership is formed and the members of the firm are known as partners. The joint ownership of a business constitutes a partnership.

147. **Partners.** Partners are of several kinds. General or ostensible partners are those who are openly known as partners. Their liability for the debts of the partnership is unlimited. Dormant or secret partners are those whose connection with the firm is kept secret. If their connection with the firm is not discovered, they escape liability for the firm's indebtedness, but if their connection is discovered, they are individually liable for all of the firm's obligations, just the same as general partners. Special partners are those whose interests or liabilities or both are especially provided for in the partnership agreement and if the partnership agreement has been properly drawn and due notice has been given the public in accordance with the law on the subject, the liability of a special partner is limited in accordance with the partnership agreement, usually to the amount of his investment. Nominal partners are persons who permit the impression to prevail that they are partners in a business, when in reality they are not partners. Nominal partners are personally liable to the creditors of the firm if credit has been granted the firm because of the impression given the creditor that the nominal partner was a real partner.

148. **Partnerships Dangerous.** Partnerships should be entered into only with persons with whom you are well acquainted and in whom you have the fullest confidence because the act of one partner binds all of the other members of the partnership and the acts of a partner who is headstrong or lacking in judgment may cause the firm to transact business at a loss instead of at a profit, and, further, as all of the private property of each partner is liable for all of the firm's debts, by entering into a partnership you may lose not only what you invest in the business, but everything else that you have besides.

149. **Forming a partnership.** When a partnership is formed, a partnership agreement should be drawn up, stating clearly:—

First,—The names of the persons entering into the partnership.

Second,—The purpose and duration of the partnership.

Third,—The investment made by each of the partners with an agreement as to the interest to be allowed, if any, and a further agreement as to withdrawals or additional investments.

Fourth,—The time to be devoted to the business by each partner, if any.

Fifth,—How the profits or losses are to be apportioned between or among the partners.

Sixth,—The agreement of each partner to refrain during the continuation of the partnership from assuming any liability by endorsing notes, etc. or by becoming surety for any person or persons whomsoever without the written consent of the other partner or partners, and, if desired, a similar agreement binding each partner to refrain from engaging in any other business during the duration of the partnership.

Seventh,—An agreement that proper records or books of account shall be kept which shall at all times be accessible to each or every partner.

Eighth,—Provision for the winding up of the business at the close of the period for which the partnership is formed or at any earlier termination of the partnership.

150. It is so difficult to make an agreement express exactly what you desire and all that you desire, that when you wish to enter into a partnership agreement, after writing out as clearly as you can, articles of co-partnership acceptable to all partners, you had better submit the proposed articles to a good lawyer and permit him to pass upon them and to change the wording and sentence structure wherever he deems it necessary in order to fully cover the points intended, and, further, to insert provisions to cover any of the possible happenings which you have overlooked.

151. Partnership agreements are, of course, drawn so that each partner can have a copy of the agreement,—say, in duplicate, triplicate, etc. as may be required.

LEASES.

152. In business, properties that are not owned by the proprietors of a business are usually occupied under a lease. The forms of lease used differ in different cities and states. No business man should ever sign any paper without reading and understanding its contents. A lease is not an exception to this rule. Sometimes landlords are sufficiently anxious to rent their properties to make some concessions in the terms of the lease in order to secure a tenant and very frequently they will make improvements to a property in order to secure a responsible tenant especially under a lease for a term of years. It is much easier to get such improvements as you desire by conditioning your taking the property upon the improvements being made, than by simply asking for the improvements after the lease has been signed. In the latter case you are likely to be told that the improvements you desire are unnecessary but that you may make them at your own expense if you choose to do so, provided you will restore the property to its original condition at the termination of your tenancy.

FIRE INSURANCE.

153. Every prudent business man carries Fire Insurance covering approximately the value of such of the assets of his business as would be likely to be destroyed in the event of a fire. The probabilities of a business being burned out are not great and the cost of the fire insurance is proportionately small. The greater the probability of a fire, the higher the insurance premium rates. But regardless of what the premium rates are you must carry fire insurance, otherwise you will probably be considered imprudent and your credit will be injured to a considerable extent and in the event of a fire you may lose everything you own, and more, too, if your store or business contains some things bought on credit. This would force some men into bankruptcy and would force some honest men even if they did go through bankruptcy, into a long, hard struggle to pay for "a dead horse."

In paying your Fire Insurance premiums you may feel that you are contributing toward the losses of those who have been so unfortunate as to be burned out and that all of the members of the benevolent Fire Insurance Association (the policy holders) will contribute with equal willingness to make good your loss if you should ever meet with similar misfortune.

154. In taking out fire insurance, be sure that the description of the property insured is worded in such a way as to cover every thing of value that you may have on the premises. The description in the writer's insurance policies starts "On furniture and fixtures of every description, useful and ornamental" and after enumerating everything that could be named from the inventory, ends with "and all inside and outside improvements made by the insured and situate Northwest Corner 8th & Chestnut Sts., Phila., Pa." When the writer's place of business was destroyed in the great Baltimore fire in the year 1904, there was nothing in his place of business that was not covered by his insurance policies. Wording similar to the above was even held and allowed by the Insurance Companies to cover the wall paper on the walls that had been put on by the tenant at his own expense. In paying insurance, you may as well have the insurance cover everything that you have on the premises and it will not do this unless care is taken in the description of what is insured. It is a very common thing for the Insurance Companies, in the event of a loss, to be able to pick out several hundred dollars' worth of the things lost and say "this was not covered by the policy." Do not permit this to happen in your case, if you should ever sustain a loss.

155. If you should move, be sure to have the Insurance Companies in which your goods are insured, transfer your insurance to the new address on the day that you move, otherwise you will be without insurance at the new address until the transfer has been made by the Insurance Companies.

156. If you should buy a business or a property, be sure that the Insurance Companies transfer the insurance to you on the day that you become the owner of the business or the property, since otherwise you will be without insurance until the proper transfer has been made by the Insurance Companies.

157. It is well to keep an inventory of whatever is covered by the Insurance, in the safe, where it cannot be destroyed, or better still, at some place away from the building in which the property covered by the insurance is located, so as to be able to give accurate information as to just what loss you have sustained in the event of a fire. You will not be paid for the things lost in the fire that you forget and are unable to list or to enumerate. This being the case, an inventory from which to make up your "Statement of Loss" is the only practical and business-like plan.

158. When you take out fire insurance, your insurance broker will probably divide the insurance among a number of companies. If you carry $10,000 fire insurance you will probably receive four policies of $2500 each or five policies of $2,000 each, each policy from a different insurance company. This is a good plan for all concerned. In the event of a loss, the loss is divided among a number of companies and if by any chance, as happens occasionally, some fire insurance company should fail at a time when you have a claim, since your insurance is divided, the failure of one company can affect only a part of your insurance.

SET 3.

WHOLESALE HARDWARE BUSINESS OF_____ (Student's name) & CO.

_____ (Student's name) & A. E. Trader have entered into partnership September 1st, 19—, for the purpose of conducting a Wholesale Hardware Business. The gains and losses are to be shared pro rata according to investment after paying_____ (Student's name) a salary of $85 a month for his services in managing the business. The name of the firm is to be_____ (Student's name) & Co. The duration of the partnership is to be five years.

_____ (Student's name) invests cash, $3,235.07; Mdse., as per inventory, $12,600; Store and Office Fixtures, per inventory, $575, and the following accounts due him:—Marshall, Wescoat & Co., Columbia, S. C., $308; J. A. Constantine, Sunbury, Pa., $320.23; Miller Hardware Co., Atlanta, Ga., $437.86; J. R. M. Adams, 524 Girard Ave., $464.12; Frank Beall & Co., Hancock, Md., $214.25; S. C. Pitcher & Co., Newton, N. C., $123.60; Cumberland Hardware Co., Cumberland, Md., $200.50; George Keller, Winchester, Va., $421.27; Miller Supply Co., Winchester, Va., $235.36; J. F. Pearson & Co., Baltimore, Md., $213.14; Bailey Bros. & Raub, Lancaster, Pa., $475.36; Keystone Hardware Co., Bedford, Pa., $428.65; Central Pa. Supply Co., York, Pa., $126.78; Wilcox Hardware Co., Gettysburg, Pa., $105.40; George Yakel Hardware Co., Charleston, S. C., $408.42; J. R. Emerson & Co., Frederick, Md., $187.67; Oscar Bear, 148 Chew St., $25.70; Edward Steiner & Co., Hagerstown, Md., $85.74; Union Hardware Co., Union, S. C., $110.37; and note of Dillon & Co. for $278, due 60 days from August 15th, with interest at 6%. Accounts owed by him as follows: National Tool & Stamping Co., Harrisburg, Pa., $200.21; Maryland Hinge Co., Baltimore, Md., $15.20; Frank B. Sloan & Co., 421 Arch St., $415.29; Francis Albert & Co., 1006 Arch St., $231.20; Anderson & Ireland, 111–115 Light St., $60.70; Henry Disston's Sons, Tacony, Pa., $251.14, and note due William H. Cole & Son for $110.14, due 60 days from August 3rd with interest at 6%.

A. E. Trader invests cash, $15,000.

In this set you may use a Sales Book, an Invoice Book and a Petty Cash Book as explained in articles **125 to 134** and may subdivide the merchandise account in accordance with articles **135 to 145**. Use the following accounts besides the necessary personal accounts: A. E. Trader, Stock; A. E. Trader, Private; _____ (Student's name) Stock; _____ (Student's name) Private; Merchandise; Cash; Expense;

Bills Receivable; Bills Payable; Interest; Advertising; Store and Office Fixtures; Freight and Drayage; Teams; Insurance; Salaries; and accounts with Jas. Lower, a salesman, whom we pay $60 per month and expenses; James Lower, Traveling Expense account; George Evans, a bookkeeper, whom we pay $80 per month; John Sellers, a salesman, whom we pay $75 per month and expenses; John Sellers, Traveling Expense; Robt. E. Traverse, Attorney; and an account in the Ledger with Cash.

Draw up a partnership agreement.

159. The advantage of keeping a Traveling Expense account for each salesman is that it enables you to tell the total cost of selling the goods sold by each salesman. To find this total cost, the salesman's salary and his expenses must be added together. The percentage that this total forms of the price received for the goods sold by the salesman, enables the firm to judge whether or not it is profitable to retain the salesman in its employ. When money is advanced to a salesman for traveling expenses, his personal account may be debited with the money given him and then when he sends in his itemized statement of expenses, his personal account can be credited and his expense account debited through a proper Journal entry for the amount actually expended. Many salesmen sell on commission, receiving a certain percentage of the price received for the goods sold—sometimes one percentage on one class of goods and another percentage on another class of goods. Other salesmen sell on a salary and a commission, either with or without an allowance for expenses. Accounts with salesmen are a very important class of accounts and must be kept with great care to avoid any injustice to either the salesmen or the firm.

160. In case an employee is allowed to draw money account his salary from time to time, instead of receiving his salary all in one payment at the time it becomes due, an account should be opened with him and his account should be debited and cash credited for whatever money he draws, and at the time his salary becomes due, his account should be credited and the salaries account debited for the full amount of his salary.

161. In many sets of books, there is an account kept under the heading "Lost Accounts and Notes" and if such an account is kept, at any time when there is a loss on a personal account or on a note, a Journal entry is made debiting the Lost Accounts & Notes account and crediting the personal account or the Bills Receivable account for the amount of the loss, with the proper explanation. Then in closing the books, the "Lost Accounts and Notes" account is credited for the amount that its debit side exceeds its credit side, and the Loss and Gain account is debited for the same amount.

162. If there is occasion to place an account or a note in the hands of an attorney for collection we open an account with the attorney, putting the word "Attorney" after his name and debit this account for any account or note we give him for collection, such debit being offset by a credit to the account of the person whose account is thus turned over to the attorney for collection or to the Bills Receivable account if it is a note that is given the attorney for collection. If the account or note is collected, the attorney is credited with the full amount of the claim and the credit is balanced by a debit to the Cash account for the amount of cash given us by the attorney, and a debit to the Expense account for the amount of the attorney's percentage or fee for collecting the claim. If, on the other hand, the attorney reports that he is unable to collect the amount, we credit his acount and debit the "Lost Accounts and Notes" account for the face of the claim.

163. An account with cash is sometimes kept in the Ledger. When this is done, the Cash Account in the Ledger is debited with the amount of cash on hand at the time the account is opened, and then at the end of the month or other Trial Balance period is debited with the total receipts and credited with the total disbursements during the period. When the total receipts and disbursements have been posted, the debit balance of the Cash Account in the Ledger, is, of course, the same as the balance of cash on hand as shown by the General Cash Book.

The Cash Account in the Ledger is a "Controlling" account. When the Cash Account in the Ledger is debited for the cash on hand at the start or with the total receipts at the end of the month or other Trial Balance period, no other account need be credited, because this is not a new debit but is simply the transfer of a debit from one part of the books to another part of the books,

and, of course, only one of the debits is included in the Trial Balance,—usually that from the Controlling Account. Likewise, when the Cash Account in the Ledger is credited with the total disbursements during the month or other Trial Balance period, no other account is debited, because this is simply the transfer of a credit from one part of the books to another part of the books and only one of the credits is included in the Trial Balance.

SEPT. 2.

Secure a five year lease on the store at 508 Market Street_____(Your City) from Wm. H. W. Quick & Bro., Incorporated, at $100 a month and pay the first month's rent. When you have the lease written up your teacher will sign for Quick & Bro.

Pay for stationery, $8.

Pay for postage stamps, $2.

Pay for desk and office chairs, $40.

Sell to Marshall, Wescoat & Co., on %, 2 doz. carpet sweepers, at $17.85 per doz.

Sell to C. S. Pitcher & Co., on %, 1,000 lbs. ⅜ inch chain at $4.32½ per cwt.

Sell to J. C. Bailey, Woodstock, Va., on %, ½ doz. corn cultivators at $134.30 per doz.

Buy from the National Tool & Stamping Co., on %, 1 doz. Dixon's Meat Cutters No. 3, $125.60 per doz.

Sell to Central Pa. Supply Co., on %, 30 Perfect Oilers at $1.50 each, 1 doz. nail nippers, $2.60 per doz.

Buy from Francis Albert & Co., on %, 10 doz. lawn sprinklers at $12 per doz., 5 doz. Easy Lawn Swings, at $78 per doz., 1 doz. hedge trimmers at $5.87 per doz.

Sell to J. W. Russell, 3547 Germantown Ave., on %, 1 gross Acme Nut Crackers at $37.45 per gross.

Sell to George Keller, on %, ½ doz. well pumps, No. 6, at $178.40 per doz.

Receive from Cumberland Hardware Co., on %, bank draft for $136.

Pay sight draft drawn on us by Frank B. Sloan & Co., $175.

Sell to C. C. Pursey & Co., Richmond, Va., on %, 2 doz. French rat traps at $12.50 per doz.

Have your stock insured for one year for $12,000, rate ½%; premium, $60. Prepare a description of the property to become a part of the insurance policy.

3.

Receive from George Keller, note for $250 due 30 days from September 2d. Endorse this note and send it to Henry Disston's Sons on account.

Sell to J. F. Pearson & Co., on %, 36 sets knives and forks at $3.50 per set, 1 doz. Columbia No. 2 tack pullers $1.75 per doz.

Buy from Henry Disston's Sons, on %, 50 doz. hand saws at $10.20 per doz.

Sell to Samuel Emmert, Concord, N. C., on %, 10 doz. Yankee Rat Traps, at $11 per doz., 1 doz. sidewalk scrapers at $2.30 per doz.

Sell J. R. M. Adams, on %, 4 Regulator Pumps at $21 each, 1 gross Leader Scythe Stones at $4.45 per gross.

Sell to George Yakel & Co., on %, 4 doz. screen doors at $12 per doz., 1 gross cupboard casters at $10.30 per gross.

Receive from Miller Hardware Co., on %, check for $325.

4.

Send Frank B. Sloan & Co., on %, our note at 30 days for $150 with interest at 6%.

Sell Young Bros., Danville, Va., on %, 4 deep well pumps at $15 each, 1 doz. Criterion Saw Sets at $5.47 per doz.

Sell Frank Beall, on %, 1 doz. Invincible Post Hole Diggers at $9 per doz., 1 gross metal polish at $16 per gross, 1 doz. iron planes at $15 per doz., 2 doz. Patent Pliers at $9 per doz., 3 doz. garden rakes at $5 per doz., 1 doz. razors at $17 per gross, 1 spray pump, $10.85, 1 doz. Lightning Apple Parers, $10 per doz.

Sell A. B. Cochrane & Co., 515 Commerce St., on %, 2 gross grooved lumber pencils at $9 per gross, 1 gross corn poppers at $10.50 per gross, 2 doz. hand saws at $15 per doz., 3 doz. rip saws at $21 per doz., 1 gross cans metal polish, $12.65 per gross.

Union Hardware Co. accepted our draft at 30 days from Sept. 4th, for $175.

Sell to Miller Supply Co., on %, 12 doz. Jones Reversible Screw Drivers, $12 per doz., 1 doz. razors at $12.72 per doz.

Sell to J. A. Constantine, on %, 6 windmill pumps at $16 each, 1 gross artists' pencils at $9.44 per gross.

Buy of William H. Cole & Son, 918 Filbert St., 12 doz. Black Hawk Nail Pullers at $9 per doz., 12 doz. ice shredders at $15 per doz., 6 doz. Matchless Mop Wringers at $12 per doz., 1 gross nut crackers at $15.35 per gross.

Sell to Cumberland Hardware Co., on %, 12 doz. Mystic Lawn Sprinklers at $6 per doz., 10 kegs horse shoes at $4 per keg, 12 American Meat Cutters at $7 each, 10 Pastime Lawn Mowers at $6 each, 1 cheese press at $4.47.

5.

Buy from Anderson & Ireland, on %, 30 doz. carpet stretchers, at $6 per doz., 20 doz. Perpetual Carpet Sweepers at $10 per doz., 1 doz egg beaters at $2.67 per doz.

Sell Bailey Bros. & Raub, on %, 24 gross boxes Enameline at $6.20 per gross, 4 gross Diamond Gimlets at $4 per gross, $1,000 ft. hemp fuse for 2.54.

Sell to J. H. Bowman & Co., on %, 1 doz. fishing rods $35.30 per doz., 1 doz. jeweled reels $50 per doz.

Pay freight on goods B. & O. R. R., $5.35.

Pay drayage, Union Drayage Co., $3.25.

Pay for repairs to store, $25.

Sell to Baltimore Hardware Co., on %, 1 gross sidewalk cleaners at $40 per gross, 4,000 ft. cotton fuse at $3 per M., 1 doz. lemon squeezers, porcelain lined, at $6.10 per doz.

Sell to Oscar Bear, on %, 2 doz. mop wringers at $12 per doz., 1 doz. saw sets at $6 per doz., 1 gross slaw cutters at $30 per gross, $6 doz. electrical spiral screw drivers at $6 per doz., 1 doz. Lightning Nail Pullers at $19.28 per doz.

Sell to Wilcox Hardware Co., on %, 12 doz. Excelsior Saw Tools at $6 per doz., 6 doz. screen doors at $10.50 per doz., 1 gross flour sifters at $5 per gross, 2 doz. carpet sweepers at $22.50 per doz., 1 doz. garden trowels, at $1.73 per doz.

Buy from Francis Albert & Co., on %, 48 doz. Columbia Tack Pullers at $5 per doz., 10 gross skate sharpeners at $18 per gross, 4 gross flour sifters at $11.50 per gross, 1 doz. special screw drivers $6.37 per doz.

Receive from J. R. M. Adams, on %, check for $325.

Cash sales, $103.17.

6.

Sell to Keystone Hardware Co., on %, 5 doz. imitation walnut screen doors at $6.75 per doz., 5 doz. carpet stretchers at $6.75 per doz., 3 doz. saw vises at $20 per doz., 1 doz. padlocks $8.17 per doz.

Sell to J. R. Emerson & Co., on %, 2 doz. carpenters' saws at $30 per doz., 1 doz. saw sets $3.75 per doz.

Samuel Emmert accepted our draft at 3 days' sight, payable to Henry Disston's Sons for $100.

Buy from National Tool & Stamping Co., on %, 12 doz. engineers' wrenches at $26 per doz., 1 doz. common wrenches, 6 in., $12 per doz.

Sell to M. L. Bauserman, Harrisonburg, Va., on %, 1 doz. rip saws, $36.47 per doz.

Sell to Edward Steiner, on %, 1 doz. jack screws at $103.15 per doz.

Sell to Marshall, Wescoat & Co., on %, 4 doz. mortise door bolts at $36 per doz., 1 doz. chain bolts at $6.75 per doz.

7.

James Lower draws $15 for expenses and $15 on his salary.

Receive from J. F. Pearson & Co., on %, their note for $127.75, dated Baltimore, Md., Sept. 7, 19—, payable 60 days after date with interest at 6%.

Sell to Geo. Keller, on %, 3 doz. store door pulls and plates at $35 per doz., 1 doz. letter-box plates at $20.65 per doz.

Sell to J. C. Bailey, on %, 10 gross harness snaps at $4.87 per gross.

Sell to Dillon & Co., Columbia, Pa., on %, 12 doz. heavy balances at $9 per doz., 5 doz. nail hammers at $5 per doz., 1 doz. escutcheons at $4.10 per doz.

Buy from Frank B. Sloan & Co., on %, 10 doz. heavy door locks at $24 per doz., 6 doz. hotel coat hooks at $5 per doz., 1 gross harness snaps at $3.87 per gross.

Buy from New England Cutlery Co., New Haven, Conn., on %, 12 gross slaw cutters at $30 per gross, 24 doz. bread knives at $3 per doz., 1 doz. butcher knives at $4.75 per doz.

Pay salaries, Edward Jones, clerk, $14; Emil Cook, clerk, $16; Mary Brown, Stenographer, $10.

Sell to J. W. Russell, on %, 12 doz. Perfect Oilers at $1.50 per doz., 1 gross nail sets $2.50 per gross.

Pay freight on goods, P. R. R., $3.75.

Return to Anderson & Ireland 6 doz. carpet stretchers at $6.00 per dozen, because defective.

Cash sales, $96.45.

9.

Sell to Lindamuth & Co., Emmitsburg, Md., on %, 2 doz. Ajax Nail Pullers at $7.50 per doz., 2 doz. coffee mills at $6 per doz., 2 doz. butcher knives at $4 per doz., 4 doz. hay unloaders at $10 per doz., 1 doz. lawn sprinklers, $29 per doz.

Sell to Union Hardware Co., on %, 1 gross egg beaters at $5 per gross, 10 disc harrows at $12 each, 24 doz. corn hooks at $3 per doz., 1 deep well pump $15, 1 doz. door springs at $3.33 per doz.

Cumberland Hardware Co. accepted our 30-day draft for $250 payable to ourselves, dated Sept. 8, 19—.

Sell to C. S. Pitcher & Co., on %, 20 hand drills at $3 each, 1 doz. sidewalk cleaners at $5.25 per doz.

Send check to National Tool & Stamping Co., for $325.

John Sellers draws $15 for expenses and $25 on salary.

Miller Supply Co. accepted our 30-day draft for $156.62, made payable to Maryland Hinge Co., dated Sept. 7, 19—.

Sell to Central Pa. Supply Co., on %, 12 doz. box openers at $6 per doz., 8 gross American Can Openers at $2.02 per gross.

Sell to J. R. M. Adams, on %, 1,000 lbs. $\frac{3}{16}$ in. chain at $8.50 per cwt., 5 gross crayons at $5.01 per gross.

Sell to Wilcox Hardware Co., on %, 24 doz. door checks at $4.50 per doz., 1 doz self-measuring faucets at $36 per doz., 2 doz., hedge trimmers at $6.65 per doz.

Cash sales, $95.84.

10.

Give your note for 60 days to Francis Albert & Co., for $814.24.

George Evans draws $7 on salary.

Sell to Keystone Hardware Co., 15 hay unloaders at $7 each, 10 doz. hanging hooks at $1.06 per doz.

Sell to J. F. Pearson & Co., on %, 10 gross cans Lustrogen, at $6.20 per gross, 1 doz. farriers' knives at $3.89 per doz.

Sell to A. B. Cochrane & Co., on %, 12 doz. lemon squeezers, wood, at $5 per doz., 384 lbs. tin lined lead pipe at 10¢ per lb.

Frank Beall & Co., pay our sight draft for $100.

Sell to Miller Hardware Co., on %, 10 deep well pumps at $14.50 each.

Sell to George Yakel & Co., on %, 10 doz. Daisy Lawn Sprinklers at $7 per doz., 1 gross stove polish at $5.43 per gross.

Sell to Samuel Emmert, on %, 2 tons sash weights at $26 per ton, 6 doz. rifle cleaners at $3 per doz., 1 doz. Jumbo Lawn Rakes, at $6.23 per doz.

Cash sales, $65.33.

11.

Pay drayage to date, $3.45.

Sell to Miller Supply Co., on %, 10 doz. Taintor's Positive Saw Sets, at $18 per doz., 1 gross scythe stones at $7.18 per gross.

Sell to Young Bros., on %, 24 sets knives and forks "Anchor" brand at $3.25 per set, 1 doz. Columbia Tack Pullers, No. 1, at $5.10 per doz.

Receive from A. B. Cochrane & Co., on %, note for $215, dated Sept. 10, 19—, due 30 days from date with interest.

Pay Anderson & Ireland $250 on %, by check.

Sell to J. A. Constantine, on %, 4 doz. Pike's Corundum Scythe Stones at $24 per doz., 4 doz. Leader Scythe Stones at $4 per doz., 1 doz. box scrapers at $3.40 per doz.

Cash sales, $132.48.

12.

Buy from William H. Cole & Son, on %, 12 gross fly traps at $12 per gross, 48 doz. Pastime Weed Eradicators at $1.75 per doz., 1 gross tinned trowels, at $7.27 per gross.

James Lower drew $15 for traveling expenses.

George Evans drew $10 on salary.

Sell to Frank Beall, on %, 10 doz. vestibule latches at $12.53 per doz.

Sell to F. H. Davidson & Co., Charlottesville, Va., on %, 50 doz. pairs shutter hinges at $2 per doz., 10 doz. chain door bolts at $4.06 per doz.

Wilcox Hardware Co. accepted our draft for $175 at 30 days.

Sell to C. S. Pitcher & Co., on %, 1 doz. large door pulls and plates, $57.30 per doz.

Send check to Henry Disston's Sons, on %, for $150.

Sell to Cumberland Hardware Co., on %, 24 doz. push plates at $5 per doz., 10 doz. drawer pulls at $5.01 per doz.

Cash sales, $102.40.

13.

Sell to J. C. Bailey, on %, 1 gross transom casters, $30.76 per gross.

Sell to George Keller, on %, 1 doz. sliding door locks, at $24.60 per doz.

J. F. Pearson & Co., returned from bill of the 10th instant, defective goods amounting to $10 which we bought from Anderson & Ireland, and return to them, charging them $7.50 as per their invoice to us.

Sell to Bailey Bros. & Raub, on %, 75 doz. clothes line hooks at $1.20 per doz., 40 doz. Defiance Sash Fasteners at 90¢ per doz., 1 doz. cow bells at $11.66 per doz.

Sell to J. W. Russell, on %, 40 doz. axle pulleys at $1.80 per doz., 6 doz. awning pulleys at $2.50 per doz., 1 gross harness snaps at $2.97 per gross.

Sell to Marshall, Wescoat & Co., on %, 50 gross double pointed tacks, No. 9, at $1.20 per gross; 1 gross small hat hooks at $3.30 per gross.

Cash sales, $140.17.

14.

Oscar Bear pays our draft at sight for $115.28.

Sell to Baltimore Hardware Co., Baltimore, Md., on a/c, 100 doz. brass cornice plates at 50¢, 20 doz. paper files at $1.50 per doz., 1 doz. shelf brackets $3.17 per doz.

Receive from Central Pa. Supply Co., note for $135.76, dated Sept. 13, due 60 days from date with interest at 6%.

Sell to Union Hardware Co., on a/c, 1 doz. Kentucky Cow Bells at $12 per doz., 2 doz carpet sweepers at $24 per doz., 6 doz. drawing knives at $7 per doz., 6 doz. small hand saws at $7 per doz., 1 gross bird cage hooks at $22.50 per gross, 1 doz. clothes line hooks at $1.25 per doz.

Sell to J. R. M. Adams, on a/c, 1 gross cupboard casters at $10.35 per gross.

Pay salaries as follows: Clerks, $30; stenographer, $10.

Sell to M. L. Bauserman, on a/c, 1 doz. shingling hatchets at $5.40 per doz., 1 doz. drawing knives at $15 per doz., 6 doz. curry combs at $5 per doz., 1 doz. food choppers $23.44 per doz.

Cash sales, $128.05.

Take a Trial Balance at this point and submit same for approval.

16.

Pay for repairs to roof, $15.75.

Pay for drayage to date, $4.25.

Receive from Edward Steiner & Co., on a/c, check for $174.

Sell to J. H. Bowman, Hanover, Pa., on a/c, 3 doz. store door locks at $12 per doz., 1 doz. wrought iron padlocks, $6.12 per doz.

Give William H. Cole & Son, on a/c, note for $275, dated Sept. 16, 19—, due 30 days from date with interest.

Sell Dillon & Co., on a/c, 75 doz. spring balances at $1.30 per doz., 1 doz. clothes line hooks $1.20 per doz.

Pay freight P. R. R., $6.25.

Cash sales, $84.92.

17.

Sell to C. C. Pursey & Co., on a/c, 3 gross screw drivers at $30 per gross, 1 doz. heavy spring balances $3.45 per doz.

Sell to Central Pa. Supply Co., on a/c, 24 adjustable iron planes at 85¢ each, 1 doz. iron boot jacks, $3.97 per doz.

Receive from George Yakel & Co., on a/c, check for $300.

Receive from Lindamuth & Co., their note for $104 dated Sept. 16, 19—, due in 90 days with interest at 6%.

Sell to F. H. Davidson & Co., on a/c, 1 doz. rip saws, $30.15 per doz.

Sell to Keystone Hardware Co., on a/c, 2 bench vises at $10 each, 1 jack screw, $5.73.

Receive from Bailey Bros. & Raub, on a/c, check for $210.

Cash sales, $120.67.

18.

John Sellers draws $15 for traveling expenses.

Give Henry Disston's Sons, on a/c, note at 30 days for $160, with interest.

Sell to Wilcox Hardware Co., on a/c, 18 sets steel chisels at $5 per set, 1 doz. steel nail hammers at $6.10 per doz.

Sell to A. B. Cochrane & Co., on a/c, 40 doz. boxes carpet tacks at $1.60 per doz., 1 doz. door springs at $1.87 per doz.

Sell to Miller Supply Co., on a/c, 3 doz. Gem Food Choppers at $37 per doz., 1 doz. engineers' wrenches, $26.67 per doz.

Receive from C. C. Pursey & Co., on %, check for $50.

Sell to C. S. Pitcher & Co., on %, 1 doz. panel saws, $25.06 per doz.

Cash sales, $67.34.

19.

Sell to J. R. Emerson & Co., on %, 1½ doz. drawing knives at $30 per doz., 1 doz. expansive bit cutters, $2.60 per doz.

Sell to Oscar Bear, on %, 5 doz. Monarch Carpet Sweepers, at $20 per doz., 1 doz. porcelain door knobs at $3.67 per doz.

Buy from New England Cutlery Co., on %, 2 doz. drawing knives at $25 per doz., 1 set steel chisels, $7.48.

Buy from F. B. Sloan & Co., on %, 20 gross Columbia Spring Hinges at $18 per gross, 2 doz. hedge trimmers at $8.32 per doz.

Receive from Marshall, Wescoat & Co., on %, their note at 90 days for $240.75.

Sell to Samuel Emmert, on %, 4 doz. hand saws at $9.60 per doz., 24 doz. floor hooks at $1.40 per doz., 1 shallow well pump, $12.95.

Sell to J. A. Constantine, on %, 2 doz. Monarch Carpet Sweepers at $20 per doz., 1 doz. carpet stretchers at $6.28 per doz.

Sell to Edward Steiner & Co., on %, 25 doz. corn hooks at $3 per doz., 1 horse clipping machine, $8.17.

Cash sales, $87.13.

20.

John Sellers draws $20 on salary.

James Lower draws $15 for traveling expenses.

Pay drayage to date, $4.15.

Pay freight, B. & O. R. R., $6.35.

Receive from Union Hardware Co., an express package containing $265 to apply on account.

Sell to Young Bros., on %, 1 doz. New Chicago Horse Clippers, $105.66.

Sell to J. F. Pearson & Co., on %, 5 doz. Transparent Carpet Sweepers at $32 per doz., 1 doz. Sampson Cork Screws, $5.86.

Sell to Geo. Keller, on %, 9 doz. Keystone Egg Beaters at $6 per doz., 1 doz. corn compressors at $2.73 per doz.

Cash sales, $58.74.

21.

Buy from Henry Disston's Sons, on %, 10 doz. butchers saws at $20 per doz., 1 doz. small hand saws, $10.86.

Buy from William H. Cole & Son, on %, 25 doz. Wadsworth's Hedge Trimmers at $8 per doz., 36 doz. serrated hay knives at $10 per doz., 2 doz. gate hinges at $6.68 per doz.

Pay salaries as follows: Clerks, $30; stenographer, $10.

Sell to J. R. M. Adams, on %, 2 doz. Family Cherry Stoners at $5 per doz., 1 doz. coffee mills at $10 per doz., 5 doz. door checks at $12 per doz., 6 doz. breast drills at $10 per doz., 1 doz. can openers at $2.78.

Sell to C. C. Pursey, on %, 1 gross blue crayons $8.30.

Sell to J. C. Bailey, on %, cistern pump, $15.25.

Receive from Keystone Hardware Co., on %, check for $500.

George Evans draws $15 on his salary.

Cash sales, $163.24.

23.

Pay plumber for repairing gas and water pipes in the store, $30.45.

Pay water rent, $15.

Sell to Miller Hardware Co., on %, 1 doz. can openers at $8 per doz., 5 corn cultivators at $20 each, 1 doz. Whitney's Hand Drills, $12.10.

Buy from Francis Albert & Co., on %, 60 gross Pullman's Garment Hangers at $9 per gross, 20 doz. barn door hangers at $7 per doz., 1 doz. gate hinges at $7.32 per doz.

Buy from Maryland Hinge Co., on %, 200 doz. barn door latches at $2 per doz., 36 doz. Shepard's Gate Hinges at $5 per doz,, 1 doz. show case hinges at $7.62 per doz.

Sell to J. W. Russell, on %, 1 doz. mitre boxes at $37.60.

Sell to Baltimore Hardware Co., on %, 3 doz. Matchless Mop Wringers at $12 per doz., 2 doz. braided ventilator cords at $5.80 per doz.

Dillon & Co., pay our sight draft for $175.

Received from Wilcox Hardware Co., on %, check for $370.

Cash sales, $87.42.

24.

A. E. Trader draws for private use, $150.

James Lower draws $15 for traveling expenses.

Sell to Bailey Bros. & Raub, on %, 10 doz. bicycle locks at $9 per doz., 1 gross ice chippers, $6.37 per gross.

Sell to Frank Beall & Co., on %, 18 Pastime Lawn Mowers at $6 each, 1 doz. lawn sprinklers at $10.47 per doz.

Pay for _____ coal bill, $27.
Student's name

Pay freight, B. & O. R. R., $5.65.

Sell to Union Hardware Co., on %, 10 potato diggers at $15 each, 1 gross nail sets, $6.10 per gross.

Send William H. Cole & Son check for $175.

Cash sales, $42.26.

25

Receive from F. H. Davidson & Co., Charlottesville, Va., on %, their note dated Sept. 23, 19—, at 60 days for $170.75 with interest.

We endorse the above note and send it to Frank B. Sloan & Co., on %.

Sell M. L. Bauserman & Co., on %, 9 doz. Advance Apple Parers at $4.50 per doz., 1 gross pkgs. stove polish, $5.34 per gross.

Sell to Lindamuth & Co., on %, 100 doz. cans metal polish at $1.25 per doz., 6 doz. split handle post hole diggers at $7.50 per doz., 1 doz. Queen Lawn Rakes, $4.87 per doz.

Sell to J. H. Bowman & Co., on %, 2 doz. pruning hooks at $12 per doz., 1 lift pump, $9.67.

George Evans draws $5 on his salary.

Buy from New England Cutlery Co., on %, 20 doz. W. & B. Razors at $15 per doz., 48 doz. butcher knives at $1.50 per doz., 100 doz. pocket knives at $3.10 per doz., 1 doz. Electric Razors, $10.50 per doz.

Cash sales, $93.34.

26.

Buy from Anderson & Ireland, on %, 24 gross corn poppers at $10.50 per gross, 20 doz. Vaughan's Post Hole Diggers at $6 per doz., 1 gross carpenters' pencils, $3.12 per gross.

Buy from National Tool & Stamping Co., on %, 50 doz. Excelsior Saw Sets at $6 per doz., 36 doz. hack saw frames at $3 per doz., 1 complete saw filer, $18.34.

Sell to C. S. Pitcher & Co., on %, 6 Barnes Scroll Saws No. 7, at $15 each, 1 gross scythe stones, $5.46 per gross.

Sell to C. C. Pursey & Co., on %, 1,000 transom lifters at $13 per C., 1 doz. rat traps, No. 3½, $4.80.

Receive from George Keller on %, note for $346.18, dated Winchester, Va., Sept. 25, 19—, due 30 days after date with interest.

Sell to Keystone Hardware Co., on %, 1 gross Hoppers' Can Openers at $15 per gross, 5 "Pony" plows at $15 each, 300 lbs. ¼in. chain at $5.50 per cwt., 1 doz. Perfect Curry Combs at $5.55.

Pay drayage to date, $3.45.

Pay for advertising, $15.

Cash sales, $114.18.

27.

Sell to Marshall, Wescoat & Co., on %, 2 doz. carpet stretchers at $6 per doz., 3 doz. Sampson Cork Screws at $10 per doz., 1 doz., mail boxes at $15 per doz., 4 doz. rip saws at $23.25 per doz., 2 doz. door springs at $3.50 per doz., 1 doz. butcher knives, $3.75.

Receive from J. W. Russell, on %, check for $150.

Sell to A. B. Cochrane & Sons, on %, 10 gross boxes Enameline at $7.20 per gross, 15 doz. No. 0 frying pans at $3 per doz., 50 cans lubricating graphite at 20¢ per can, 1 doz. cans U. S. Metal Polish, $1.34 per doz.

Buy from Henry Disston's Sons, on %, 1 doz. band saws $125, 3 doz. circular saws at $60 per doz., 6 doz. cross-cut saws at $25 per doz., ½ doz. butchers' saws at $11 per doz.

Sell to George Yakel & Co., on %, 25 doz. Universal Can Openers at $3 per doz., 1 doz. cherry stoners $6 per doz., 1 gross crayons, $5.73.

J. R. Emerson & Co., accept your draft at 30 days for $160, payable to Francis Albert & Co. Send the draft to Francis Albert & Co.

Sell to Oscar Bear, on %, 4 doz. Challenge Sidewalk Cleaners at $3.25 per doz., 1 American Meat Cutter No. 322, $65, 1 doz. Phoenix Curry Combs at $9.34 per doz.

Sell to Miller Supply Co., on %, 30 doz. box openers at $5 per doz., 1 doz. Perpetual Carpet Sweepers at $18.37 per doz.

John Sellers draws $15 for traveling expenses.

Receive from Miller Supply Co., on %, check for $525.

Cash sales, $137.85.

28.

George Evans draws $12 on his salary.

Pay house rent for _____ $75.
Student's name

Buy from William H. Cole & Son, on %, 50 doz. fancy screen doors at $10 per doz. 1 doz. X-Y screen doors, $10.78.

Pay for cleaning windows, $2.50.

Pay salaries as follows: Clerks, $30; stenographer, $10.

Sell to J. A. Constantine, on %, 5 doz. Marion Carpet Sweepers at $24 per doz., 1 doz. door springs, $1.45.

Sell to Wilcox Hardware Co., on %, 10 Lightning Belt Clipping Machines at $13.40 each.

Receive from Baltimore Hardware Co., on %, check for $150.

Sell to Edward Steiner & Co., on %, 225 lbs. assorted cold chisels at 18¢ per lb., 1 doz. door springs, $1.80.

Send New England Cutlery Co., on %, check for $785.

Cash sales, $240.86.

30.

Buy from Maryland Hinge Co., on %, 50 doz. Western Gate Hinges at $4.20 per doz., 6 doz. reversible gate hinges at $5.60 per doz., 1 doz. show case hinges, $3.55.

Sell to Cumberland Hardware Co., on %, 10 doz. panel saws at $12.58 per doz.

Sell to Young Bros., on %, 10 doz. electric spiral screw drivers at $7.53 per doz.

J. A. Constantine pays our sight draft for $215.

Sell Samuel Emmert, on %, 10 doz. Sampson Cork Screws at $10 per doz., 1 gross crayons at $5.70.

Receive from Miller Hardware Co., on %, check for $250.

Receive from J. R. M. Adams, on %, bank draft for $245.

Receive from C. S. Pitcher, on %, check for $175.

Receive from J. C. Bailey, on %, note for $161.86 dated Woodstock, Va., Sept. 27, 19—, due 30 days after date with 6% interest.

Cash sales, $127.68.

Send Anderson & Ireland your check for $215.

Credit James Lower, John Sellers, George Evans and _____ for their salaries.
Student's name

Inventories for closing the books—

Merchandise	$12,450.00
Store and Office Fixtures	600.00
Insurance	55.00

164. Take a Trial Balance and close the books. Make a Six Column Statement, and using it as a guide, write up a Statement of Profits & Losses and a Balance Sheet following the forms given on pages 226, 227 and 232. You will notice that the Statement of Profits and Losses corresponds with the Loss & Gain columns of the Six Column Statement as far as amounts are concerned. It, however, explains the various items more fully and clearly than they can be explained in the old style statement. You will also notice that the Balance Sheet corresponds in the same way with the Resource and Liability columns of the Six Column Statement.

Make an individual statement for each customer's account, see that the Bill Book is properly written up and proved, make out ten bills for goods sold, ten checks for money paid, ten receipts for money received, and all of the notes and drafts issued.

WRITTEN TEST 11.

1. Describe the effects of a debit upon the business; the effects of a credit.
2. Why is the balance of Loss and Gain account, not carried below the double rulings?
3. Why do you carry forward the totals of the sides, when forwarding the Cash account or any other accounts representing the business?
4. Why do you forward only the balance, when carrying forward personal accounts?
5. Why is the Inventory placed on the credit side of a property account, before closing it?
6. Why does the balance of Mdse. account, very rarely show the true value of Mdse. on hand?
7. There are certain accounts that always show a debit balance, if any; others a credit balance if any. Name five such accounts and tell which side of each will be the larger, if there is any balance, and why.
8. Why are bills receivable and bills payable always debited and credited at their face value?
9. How can you prove the accuracy of Bills Receivable, Cash, and Personal accounts?
10. Mention three property accounts that do not show either a gain or a loss.
11. Name four errors that will not affect the equality of the Ledger.
12. Give the several tests to be applied in case the Trial Balance does not balance.
13. If the trial balance does balance is that proof that the work is correct?
14. Will the trial balance balance if the balances of some accounts and the totals of others are included? Why?
15. After the Ledger is closed what do the accounts show? Will it still be in balance?
16. May the proprietor's Private account be dispensed with? How?
17. How may a person begin business insolvent?
18. If you began business insolvent to the extent of $1500 and at the end of a year were solvent, worth $500. Did you gain or lose and how much? Prove answer.
19. What are Annual Statements and what should they contain? What is a Balance Sheet?

				CASH DIRC'T ON SALES	MDSE. CREDITS	MISCL. CREDITS	TOTAL
19—							
Oct.	1		Balance				21347 68
		87	Jno. Brown & Co., $1000	20		980	
			9/24				
	4		Mdse. Sales, Retail Dept.		207		
	5	40	Bills Rec., J. S. & Co.			500	
			9/5				
		50	Int. Bills Rec.			2 50	
			9/5				
	7		Mdse. Sales, R. Dept.		171		
	11		Mdse. Sales, " "		182 50		
	13		Mdse. Sales, " "		187 50		
		60	A. B. Cochrane & Co.,				
			$1824.50	36 49		1788 01	
			10/5				
	15	61	Graham & Co. Inc., $500	10		490	
			10/10				
		88	Brown & Smith, $750	15		735	
			Mdse. Sales, Retail Dept.		201 70		
		34	Cash Disct. Sales, Dr.	81 49			4495 51
		20	Mdse. Sales, Cr.				949 70
							26792 89
Oct.	16		Balance				10807 41

				CASH DISC'T ON PURCHASES		EXPENSE DEBITS		MISCL. DEBITS		TOTAL	
19—											
Oct.	2		Expense Sept. gas			19	50				
	4	80	Henry Jones & Son, $1560	31	20			1528	80		
			9/27								
	5	45	Bills Payable H. M. Co.					4000			
			8/6								
		52	Int. Bills Payable " " "					40			
			8/6								
	6	15	Salaries pay roll					240			
		17	Wages " "					1260			
	8		Expense repairs			10	50				
			Expense Oct rent			500					
	9	81	Worcester Mfg. Co., $2400	48				2352			
			9/30								
		19	Store & Office Fix. desk					65			
	10	19	Store & Office Fix. files					47	50		
	11	82	Union Hdwe. Co., $675	13	50			661	50		
			10/1								
			Expense telephone			7	50				
	13	15	Salaries pay roll					255			
		17	Wages " "					1750			
			Expense repairing			17	42				
			Expense painting sign			28	50				
		22	Teams sorrel horse					275			
	15	83	J. W. Russell, Inc., $987	19	74			967	26		
			10/8								
		84	Jno. Wanamaker, $1200	24				1176			
			10/9								
		85	Moore & Co., $800	16				784			
			10/6								
	30		Cash Disct. Pur. Cr.	152	44					15402	06
	32		Expense Charges Dr.							583	42
			Balance							10807	41
										26792	89

A Columnar Cash Book.

165. Just as an Invoice Book and a Sales Book are used to save work in posting, a Columnar Cash Book is in very general use for the same purpose. If a Cash Book is used that has four money columns on the debit side and four money columns on the credit side, the four money columns on the debit side may be used as follows;—the first for "Cash Discount on Sales" Debits, the second for Merchandise Credits, the third for Miscellaneous Credits and the fourth as a Total column. If the four money columns on the debit side of the cash book are used in this way, when a man to whom you have sold a bill of goods and to whom you have charged the goods on your books at the full price, takes advantage of the discount offered for payment of the bill before it becomes due, you enter the face of the bill in "short" on the debit side of your Cash Book and extend the amount of the cash actually received into the Miscellaneous Credits column and the amount of the discount into the Cash Discount on Sales column. In posting, the face of the bill as entered in "short" is posted to the credit side of the customer's account and this credit is balanced by the two debits, the one to Cash for the amount of cash actually received and the other to Cash Discount on Sales for the amount of the Discount allowed. The Cash Discount on Sales column is forwarded from page to page and at the end of the month the total is carried to the debit side of the Cash Discount on Sales account, thus saving the posting of each discount allowed separately to this account.

166. In a Columnar Cash Book of this kind used as above outlined, when Merchandise is sold for cash, the amount is entered in the Merchandise Cr. column and the totals of this column are carried forward from page to page until the end of the month and the total amount is posted in one entry to the credit side of the Merchandise Sales account, thus saving the posting of each cash sale separately to the Merchandise Sales account.

167. In a Columnar Cash Book, all of the Miscellaneous credits are posted separately to the credit side of the appropriate accounts and the posting folio is put in the folio column as the posting is done. In order to avoid danger of posting separately items that are entered in special columns, the totals of which are to be posted, it is well to put a check mark in the folio column on a line with each item of this kind at the time the original entry is made.

168. In using a Columnar Cash Book as above directed, at the end of the month the total of the Merchandise column and the total of the Miscellaneous column are extended into the Total column but the total of the Cash Discount on Sales column is not extended into the Total column since the items of the Cash Discount on Sales column do not represent cash received.

169. In a Cash Book that has four money columns on the credit side, the first money column may be used for "Cash Discount on Purchases" Credits, the second for General Expense Debits, the third for Miscellaneous Debits and the fourth as a Total column.

170. If the four money columns on the credit side of the Cash Book are used in the way just mentioned when, after having credited a man with the face of a bill that we have purchased from him, we take advantage of the discount that he allows for payment before the bill becomes due, we enter the face of the bill in "short" on the credit side of the Cash Book and extend the amount of cash actually paid into the Miscellaneous Debits column and the amount of discount saved into the Cash Discount on Purchases column. In posting, the face of the bill as entered in "short" is posted to the debit side of the creditor's account and this debit is balanced by two credits, the one to Cash for the amount of cash actually paid out and the other to Cash Discount on Purchases for the amount of the discount saved.

171. The Cash Discount on Purchases column is forwarded from page to page and at the end of the month the total is carried to the credit side of the Cash Discount on Purchases account, thus saving the posting of each discount saved separately to this account.

172. In a Columnar Cash Book of this kind, used as above outlined, when items chargeable to General expense are purchased for cash, the amount is entered in the General Expense, Dr. column and the totals of this column are carried forward from page to page until the end of the month and the total amount is posted in one entry to the debit side of the General Expense account, thus saving the posting of each cash general expense item separately to the General Expense account.

173. In a Columnar Cash Book, all of the Miscellaneous debits are posted separately to the debit side of the appropriate accounts and the posting folio is put in the folio column as the posting is done.

174. On the credit side as well as on the debit side, a check mark should be placed at the time of making the original entry, in the folio column on the line with such entries as will not be posted separately because they are extended into special columns, the totals of which are to be posted.

175. With the credit money columns of a Columnar Cash Book used as above directed, at the end of the month, the total of the Expense column and the total of the Miscellaneous column are extended into the total column because they represent money paid out, but the total of the Cash Discounts on Purchases column is not so extended because the amounts entered in this column do not represent money paid out.

176. For an illustration of a Columnar Cash Book used as above outlined, see pages **146-147**

177. A Columnar Cash Book may have any number of debit columns and any numher of credit columns, according to the minuteness of classification of receipts and expenditures desired in the business for which the books are kept. Each additional column is handled in a manner similar to the handling of the columns herein described.

178. The chief object of a large number of columns in a columnar Cash Book is the close analysis of sources of income and expenditures secured with a minimum of work in posting. The largest stock columnar books to be found at the stationery stores contain 24 money columns. In some businesses, one book is used as a debit Cash Book and another book as a credit Cash Book, thus permiting the use of 24 debit columns and 24 credit columns in the Cash Book.

179. Columnar Journals are used in much the same way as Columnar Cash Books and for the same reasons.

SET 4.

WHOLESALE HARDWARE BUSINESS OF _____ & CO.—CONTINUED.
Student's name

180. In this set you may use a Columnar Cash Book in accordance with the explanation in articles 165 to 175 and may use a four column Journal.

In the Journal use the first debit column for Miscellaneous debits and the second debit column for Bills Receivable debits. Use the first credit column for Miscellaneous credits and the second credit column for Bills Payable credits. Use a Bill Book for details of Bills Receivable and Bills Payable. Continue to use the Sales Book, Invoice Book, Petty Cash and subdivisions of the Merchandise account as in the preceding set.

OCT. 1, 19—.

Receive from Frank Beall & Co., check for **$468.87**, in full of account.

Pay store rent for Oct., $100.

Sell merchandise, on %, as follows:

Marshall, Wescoat & Co., 5 doz. butcher knives at $3.50 per doz., 10 kegs horse shoes at $4 per keg, 1 doz. lawn sprinklers No. 1, at $12 per doz., 5 doz. barn door latches at $2 per doz., 4 doz. bicycle locks at $9 per doz., 6 doz. bread knives at $1.50 per doz., 4 doz. ice shredders No. 34, at $15 per doz., 2 doz. sauce pans at $5 per doz., 3 doz. corn hooks at $3 per doz., 1 doz. ice cream freezers at $12, 1 doz. meat juice extractors at $18.50, 1 doz. adjustable drawing knives at $11.32.

C. S. Pitcher & Co., 1 gross Socket Carpet Stretchers, at $24, 1 doz. Monarch Carpet Stretchers at $24, 2 doz. Marion Carpet Sweepers at $23.90 per doz.

F. H. Davidson & Co., 5 doz. shovels at $5 per doz., 1 doz. Easy Lawn Swings at $75, 20 doz. cherry stoners at $5 per doz., 10 gross Enameline at $4.50 per gross, 1 doz. strap hinges $1.84, 2 American Meat Cutters at $5 each.

Cash sales, $156.75.

Finding that the cash on hand is much more than is necessary to conduct the business, the firm has decided to reduce its capital $15,000, each partner withdrawing one-half that amount in cash. (Charge Stock accounts.)

2.

Buy from Francis Albert & Co., on %, 50 steel track hay unloaders at $12 each, 20 doz. sickle edge hay knives at $10 per doz., 10 gross garment hangers at $7.56 per gross.

Send check to William H. Cole & Son for $611.24 to pay note due tomorrow, interest thereon, and $500 on account.

Sell merchandise on %, as follows:

George Keller, 6 doz. Western Gate Hinges at $4 per doz., 6 doz. lawn rakes at $5 per doz., 2 doz. rifle cleaners at $3 per doz., 3 windmill pumps at $15 each, 1 doz. Lane's Covered Barn Door Hangers at $13.75, 3 American Meat Cutters No. 3, at $50 each, 6 doz. Sampson Cork Screws at $10 per doz.

Wilcox Hardware Co., 30 doz. parlor door hangers, ball bearing, at $4.15 per doz., 1 doz. prs. show case hinges at $10.90.

James Lower draws $40 for personal use.

Pay freight, B. & O., $1.25.

Cash sales, $84.25.

3.

Receive from Baltimore Hardware Co., check for $38.87 in full of account.

Sell goods on account as follows:

Edward Steiner & Co., 10 doz. lathe disc sharpeners at $30 per doz., 1 doz. Philadelphia Lawn Sprinklers, No. 6, $24.76.

J. H. Bowman & Co., 1 gross Acme Nut Crackers at $30, 20 doz. knives and forks at $3.50 per doz., 8 doz. stove polish at $5.75 per doz., 2 doz. razors at $10.50 per doz., 4 doz. spray pumps at $10 per doz., 6 doz. pliers at $9 per doz., 3 doz. Universal Post Hole Diggers at $13 per doz., 1 doz. American Meat Cutters, $120, 1 doz. nail pullers, $5.48.

J. W. Russell, 40 16-in. Pastime Lawn Mowers, $6.50 each, 1 doz. lawn sprinklers $7.30.

Send check to National Tool & Stamping Co., in full of account.

Pay gas bill, $8.75.

Cash sales, $156.80.

4.

Receive fron Anderson & Ireland, on %, 108 shallow well pumps at $14 each, 1 Regulator Pump, $25.90.

Buy from New England Cutlery Co., on %, 100 doz. butcher knives at $3.75 per doz., 50 doz. W. &. B. Razors at $10 per doz., 12 doz. prs. shears at $6 per doz., 1 doz. prs. nickle plated shears at $9.37 per doz.

Receive from Miller Hardware Co., check in full of account.

Receive from C. C. Pursey, note at 60 days, dated Oct. 2, 19 , for $76.80 with interest.

George Evans draws $38 on account.

Sell to J. R. M. Adams, 40 scroll saws at $10 each, 1 machine lathe at $25.60.

Sell to Young Bros., on %, 20 Merrill Cross-cut Saw Sets at $30 per set, 6 doz. screen doors at $8.75 per doz., 1 doz. scythes, $5.90.

Send to Anderson & Ireland, check for $1,500.

Send to Frank B. Sloan & Co., check in payment of note and interest thereon.

Cash sales, $68.58.

5.

Send Francis Albert & Co., check in full of account.

Receive check from M. L. Bauserman for $156.15.

Receive check from J. H. Bowman & Co., for $100.

Receive check from A. B. Cochrane & Co., for $210.46.

Pay salaries at follows: Clerks, $30; Stenographer, $10.

Cash sales, $130.42.

7.

Receive the following invoices, on %,:

From National Tool & Stamping Co., 100 gross skate sharpeners at $18 per gross; 10 gross scythe stones at $6.87½ per gross.

Maryland Hinge Co., 48 doz. heavy communicating door locks at $12 per doz., 5 doz. push plates at $2.02 per doz.

Receive checks on % from

Young Bros., $329.53.

Marshall, Wescoat & Co., $468.75.

Sell goods on %, as follows:

Miller Hardware Co., 1 gross skate sharpeners at $20, 5 band saws at $10 each, 1 saw filer at $30, 5 doz. saw sets at $6 per doz., 3 doz. screen doors at $11 per doz., 2 doz. Jones' Reversible Screw Drivers at $13.50 per doz., 5 Barnes Scroll Saws, No. 7, at $15 each, $10 doz. knives and forks at $3.50 per doz., 2 doz. heavy communicating door locks at $13.20 per doz.

Frank Beall & Co., 100 10-lb. cans lubricating graphite at $1.60 per can, 1 doz. hand cultivators $16.65.

Baltimore Hardware Co., 6 doz. gate hinges at $7.80 per doz., 10 doz. harness snaps at $1.50 per doz., 2 doz. cross-cut saws at $16 per doz., 6 doz. Black Diamond Scythe Stones at $11 per doz., 5 doz. box coffee mills at $10 per doz., 3 doz. Sampson Cork Screws at $10 per doz., 6 fodder compressors at $3 each, 10 doz. corn hooks at $3 per doz., 5 doz. curry combs at $10 per doz., 1 doz. egg beaters at $4.20, 1 doz. screen doors $10.17.

Return to Anderson & Ireland 8 shallow well pumps at $14 each. Our order called for only 100 of these pumps.

Cash sales, $235.

Pay for office desk $75.

_____ draws on account, $75.
Student's name

Send John Sellers $15, and James Lower $30 for traveling expenses.

8.

Buy from Frank B. Sloan & Co., on %, 100 kegs horse shoes at $4 per keg, 1,902 lbs. horse shoe nails at 25¢ per lb.

Send to William H. Cole & Son, check for $334.62.

Sell to C. C. Pursey & Co., on %, 10 doz. lawn sprinklers at $5.24 per doz., 5 doz. Monarch Carpet Sweepers at $20 per doz., 3 doz. lawn mowers at $70 per doz., 1 doz. lawn swings at $85 per doz., 4 doz. Giant Nail Nippers at $18 per doz., 1 gross lemon squeezers at $4.60.

Sell to George Yakel & Co., on %, 5 doz. ice picks at $9 per doz., 6 doz. Perfect Oilers at $1.50 per doz., 12 doz. barn door latches at $2 per doz., 2 doz. lathe disc sharpeners at $30 per doz., 2 doz. mitre boxes at $30 per doz., 2 doz. No. 1 Giant Nail Pullers at $18 per doz., 1 gross nail sets at $10, 2 doz. Perfect Vices at $24 per doz., 1 doz. mechanics' vises at $32, 1 doz. kitchen knives $1.78.

Sell to J. C. Bailey, 3 doz. lawn mowers at $70 per doz., 1 doz. bench drills at $96, 5 doz. trimming shears at $6 per doz., 7 doz. box scrapers at $6 per doz., 1 No. 5 saw set for cross-cut saws $30, 1 scroll saw $12, 1 doz. Home Meat Cutters, $28.75.

Sell to Lindamuth & Co., on %, 10 doz. Star Lemon Squeezers at $2 per doz., 4 two inch band saws at $15 each, 10 Lester Scroll Saws at $10 each, 1 doz. letter-box plates at $7.43.

Receive from Union Hardware Co., check for $209.55.

Receive from Young Bros. check in payment of their bill of the 4th instant, less 2% for cash in 10 days.

Pay drayage, $2.75.

Cash sales, $364.78.

9.

Send check to Maryland Hinge Co., for $550.

Send check to National Tool & Stamping Co., for $1,000.

Receive from Samuel Emmert, check in full of account.

Receive from J. R. M. Adams, 30 day note for $671.35, dated Oct. 8th, 19—.

Sell to Young Bros., on %, 2,000 lbs. steam packing at 11¢ per lb., 1 spray pump $15.60.

Sell to Cumberland Hardware Co., 12 doz. Baldwin Apple Parers at $5 per doz., 1 doz. levels at $18.65.

Sell to Central Pa. Supply Co., on %, 2 Regulator Pumps at $23.40 each.

Pay for stove, $25. (For use in store.)

Cash sales, $156.24.

10.

Pay New England Cutlery Co., $1,338.97, being in full of account less 2% on our bill of Oct. 4th.

Buy two horses, $300: (Open a teams account) Wagon, $125, harness, two sets, $45.

A. B. Cochrane renewed his note due this day for 60 days. He paid the interest on old note.

Pay for advertising in daily papers, $78.60.

Cash sales, $165.37.

11.

Buy from William H. Cole & Son, on % 50—3½ inch shallow well pumps at $15 each, 10 doz. wire pliers at $9 per doz., 1 ton sash weights $25.70.

Buy from Francis Albert & Co., on %, 100 gross U. S. Metal Polish at $12 per gross, 10 gross Gem Stove Polish at $4 per gross.

Sell to Marshall, Wescoat & Co., on %, 10 doz. Universal Post Hole Diggers at $13 per doz., 1 doz. Champion Post Hole Diggers $5.60.

Sell to J. A. Constantine, on %, 4 doz. pruning hooks at $14.10 per doz.

Sell to Frank Beall & Co., on %, 10 doz. Anti-Friction Pulleys at $12 per doz., 1 doz. hay fork pulleys at $5.35.

Sell to Bailey Bros. & Raub, on %, ½ doz. machine lathes, $268.40.

Receive from C. C. Pursey & Co., check for $524.

Pay for electric light fixtures, $160.

Cash sales, $210.40.

12.

Pay for cleaning windows, $2.

Pay for horse feed, $22.50.

Pay for stable rent, $10.

Pay for suit of clothes for_____, $25.
Student's name

Sell to Samuel Emmert, on %, 5 doz. try squares at $9 per doz., 1 gross skate sharpeners at $18, 6 doz. scythes at $6 per doz., 5 doz. razors at $12 per doz., 1 gross kraut cutters at $25, 3 doz. cross-cut saws at $18 per doz., 1 doz. circular saws at $60, 1 gross flour sifters at $10, 2 doz. mail boxes at $12.75 per doz., 2 doz. box openers at $5 per doz, 6 doz. carpet stretchers at $6 per doz., 3 doz. Bradley's Drawing Knives at $12.50 per doz., 1 doz. Universal Can Openers at $3, 5 doz. solid punches at $1.03 per doz.

Sell to Keystone Hardware Co., on %, 4 deep well pumps at $17 each.

Sell to M. L. Bauserman, on %, 2,000 lbs. ¼ inch rope at 15½¢ per lb., 500 lbs. ⅜ inch sisal rope at 10¢ per lb., 1 gross carpenters' pencils at $4.25.

Sell to J. R. Emerson & Co., on %, 88 lbs. oil stones at 50¢ per lb., 2 doz. pocket oilers at 91¢.

Pay clerks' salaries, $30; stenographer, $10.

Cash sales, $185.17.

14.

Have J. R. M. Adams' note of Oct. 8th discounted.

Receive from M. L. Bauserman, account in full less 2% discount on bill of Oct. 12.

Receive from C. S. Pitcher & Co., check for $275.47.

Receive from Cumberland Hardware Co., $50.

Cash sales, $327.30.

15.

Buy from New England Cutlery Co., on %, 100 doz. scythes at $8.60 per doz., 1 doz. razors at $12.75.

Buy from Henry Disston's Sons, on %, 12 doz. cross-cut saws at $32 per doz.

Receive from J. A. Constantine, check for $325.

Receive from J. C. Bailey, check for bill of 8th instant, less 2%.

Pay our note of Sept. 16th in favor of William H. Cole & Son including interest on same.

Cash sales, $438.26.

16.

A. E. Trader draws $100 for personal use.

Send James Lower and John Sellers each $20 for traveling expenses.

George Evans draws on account, $30.

Pay for painting signs on front of store, $25.

Pay for shoeing horses, $2.50.

Receive from Bailey Bros. & Raub, on %, check for $500.

Sell to Oscar Bear, on %, 6 doz. Criterion Saw Sets at $6 per doz., 5 doz. Marion Roller Bearing Carpet Sweepers at $24 per doz., 2 doz. Swan's Drawing Knives at $15 per doz., 3 blacksmiths' upright drills at $10 each, 1 doz. small hand saws at $15.16.

Sell to Union Hardware Co., on %, 14 Disston's Clamp and Guide Saw Sets at $30 per set, 1 Little Giant Horse Mower $25.60.

Sell to S. T. Sampson, Richville, Pa., on %, 20 sets knives and forks at $3.20 per set, 4 doz. Stillson Pipe Wrenches at $20 per doz., 3 doz. engineers' wrenches at $12 per doz., 20 Meyer's hay unloaders at $7 each, 1 doz. tack pullers, $4.32.

Sell to A. B. Cochrane & Co., on %, 1 doz. platform scales at $24, 6 Belt Horse Clipping Machines at $15 each, 6 large coffee mills at $7 each, 1 gross egg beaters at $4, 1 doz. electric spiral screw drivers at $5.93.

Cash sales, $342.84.

At this point, take a Trial Balance.

17.

Pay freight, B. & O. R. R., $3.50.

Pay for putting in tills, $50.

Pay Miller Safe Co., for safe, $500.

Pay Henry Disston's Sons, note of Sept. 18th.

James Lower draws for personal use, $25.

Receive from George Yakel Co., on %, note at 60 days for $654.66.

Receive from George Keller, on %, check for $450.02.

Sell to J. H. Bowman & Co., on %, 1 gross flour sifters at $11, 5 doz. Marion Carpet Sweepers at $24 per doz., 3 doz. double calipers at $4 per doz., 1 gross Acme Can Openers at $6, 3 doz. Sampson Cork Screws at $10 per doz., 5 gross tailors' crayons at $5 per gross, 1 doz. drawing knives at $16, 1 gross emery scythe stones at $13.72.

Sell to J. W. Russell, on %, 1 gross skate sharpeners at $18, 6 doz. egg beaters at $6 per doz., 1,000 lbs. 1 in. chain at $3.40 per cwt., 1 doz. can openers at $2, 1 doz. engineers' wrenches, $33.45.

Sell to Edward Steiner & Co., on %, 1 doz. mail boxes at $12.75, 3 doz. Barber's Ratchet Braces at $9 per doz., 2 doz. Humason's Box Openers at $5 per doz., 5 doz. butcher knives at $3.75 per doz., 2 doz. carpet stretchers at $6 per doz., 5 doz. corn knives at $1.50 per doz., 2 doz. National Queen Carpet Sweepers at $28 per doz., 2 doz. Yankee Rat Traps at $11.69 per doz.

Cash sales, $282.27.

18.

Pay _____ (Student's name) expenses to New York and return, $65. This trip was made in the interest of the business.

Receive from Miller Hardware Co., bank draft in payment of bill of Oct. 7th, less 2% discount.

Sell to J. R. M. Adams, on %, 10 doz. hammock hooks at $1.25 per doz., 10 doz. corn hooks at $3 per doz., 10 doz. cotton hooks at $1.25 per doz., 10 doz. grass hooks at $3 per doz., 25 kegs horse shoes at $4 per keg, 5 doz. ice picks at $9 per doz., 5 doz. No. 2 nail pullers at $4 per doz., 1 Little Giant Meat Cutter, No. 320, at $75.50.

Sell to Young Bros., on %, 600 lbs. Maude S. Horse Nails at 20¢ per lb., 4 doz. corn knives at $3 per doz., 1 keg mule shoes at $2.75.

Sell to Dillon & Co., on %, 1 gross ice picks at $25, 10–12 in. Pastime Lawn Mowers at $6 each, 1 doz. Easy Lawn Swings at $90, 4 doz. Matchless Mop Wringers at $12 per doz., 1 doz. nail nippers at $2, 1 Little Giant Meat Cutter, No. 312, $43.43.

Pay for stationery and blank books, $28.50.

Cash sales, $425.60.

19.

Edward Steiner & Co. accepted our draft dated Oct. 17th for $378.38, due 10 days after date.

Receive from Wilcox Hardware Co., on %, check for $250.

Pay Clerks' salaries, $30; Stenographer, $10.

Pay for storm doors, $25.

Cash sales, $110.34.

21.

Receive from S. T. Sampson, check for his bill of the 16th instant, less 2% discount.

Send Maryland Hinge Co., on %, check for $500.

Send to Frank B. Sloan & Co., on %, check for $700.

Buy from Anderson & Ireland, on %, 10 doz. Easy Lawn Swings at $84 per doz., 1 doz. lawn sprinklers at $17.35.

Sell to Miller Supply Co., on %, 18 doz. Matchless Mop Wringers at $12 per doz., 2 doz. nail sets at $4.90 per doz.

Sell to George Yakel & Co., on %, 1,001 lbs. Mystic Anti-Friction Metal at 14¢ per lb., 4 doz. melting ladles at $4 per doz.

Sell to Baltimore Hardware Co., on %, 2 gross Gem Nail Nippers at $21 per gross, 4 American Meat Cutters, No. 4. at $25 each, 10 kegs horse shoes at $4 per keg, 2 doz. lathe disc sharpeners at $30 per doz., 1 doz. razors at $10, 1 gross nut crackers, $34.43.

Cash sales, $365.

22.

John Sellers draws $50 for personal use.

Pay livery bill of _____ (Student's name) $5.

Received check from J. F. Pearson & Co., on %, for $400.

We discover an overcharge of $10 in Anderson & Ireland's bill of the 21st instant. The charge for this lot of lawn swings should have been $83 per doz. We notify them of the error and make the proper entry on our books.

Received from J. W. Russell, on %, his note at 60 days for $426.27, dated Oct. 21, 19 , with interest at 6%.

Cash sales, $217.68.

23.

Send James Lower and John Sellers $15 each for traveling expenses.

Send to National Tool & Stamping Co., on %, $868.75.

Send to Henry Disston's Sons, on %, $850.

Sell to Wilcox Hardware Co., on %, 5 doz. National Nail Pullers at $20 per doz., 5 deep well pumps at $20 each, 1 doz. Lightning Nail Pullers at $18.73.

Sell to Miller Hardware Co., on %, 2 doz. store door handles at $15 per doz., 4 doz. push plates at $5 per doz., 10 American Meat Cutters, No. 1, at $5 each, 1 gross hooks at $2.60.

Sell to M. L. Bauserman, on %, 6 doz. Perfect Oilers at $1.50 per doz., 2 Leavey's Mitre Boxes at $30 each, 6 doz. Matchless Mop Wringers at $12 per doz., 6 coffee mill motors at $5 each, 100 lbs. No. 3 Washita Oil Stones at 70¢ per lb., 3 doz. Lightning Nail Pullers at $18 per doz., 14 qt. lard and cheese press, at $5, 20 Pastime Lawn Mowers at $6 each, 1 doz. Daisy Lawn Sprinklers at $8.70.

Receive from Baltimore Hardware Co., on %, check for $352.17.

Receive from J. H. Bowman & Co., on %, $300.

Cash sales, $310.24.

24.

Sell to J. W. Russell, on %, 50 cheese presses at $4 each, 1 American Meat Cutter at $15.23.

Sell to George Keller, on %, 1 gross ice picks at $9, 10 doz. ventilator cords at $7.50 per doz., 5 doz. bicycle locks at $9 per doz., 1 gross fly traps at $12, 100 transom lifters at $13 per C., 1 doz. Combination Pipe Vises at $60, 5 doz. plastering trowels at $9 per doz., 3 doz. Stillson Pipe Wrenches at $20 per doz., 1 doz. Little Giant Bench Vises at $36, 2 gross Single Rat Killers, No. 2, at $15 per gross, 1 doz. Lane's Self Measuring faucets at $41.80.

Sell to S. T. Sampson, on %, 12 sausage stuffers at $30 each, 5 doz. razors at $10 per doz., 5 doz. serrated hay knives at $10 per doz., 1 doz. hedge trimmers at $8, 1 doz. post hole diggers, Atlas pattern, $7.54.

Sell to J. F. Pearson & Co., on %, 200 lbs. ¼ in. cotton rope at 15½¢ per lb., 500 lbs. ½ in. manilla rope at 12¢ per lb., 400 lbs. ¼ in. manilla rope at 12½¢ per lb., 800 lbs. ⅜ in. sisal rope at 10¢ per lb., 1 doz. ivory rules at $10.26.

Send check to Francis Albert & Co., on %, for $1,000.

Receive from F. H. Davidson & Co., on %, $346.84.

Pay for advertising, $50.

Cash sales, $560.32.

25.

George Keller pays his note of Sept. 25th.

Buy from National Tool & Stamping Co., on %, 50 windmill pumps at $15 each, 1 lift pump, $8.50.

Receive from Dillon & Co., on %, check for $300.

Receive from Baltimore Hardware Co., check in payment of their bill of the 21st instant, less 2% discount.

Buy from Francis Albert & Co., on %, 100 doz. Perfection Post Hole Augurs, at $8 per doz., 100 doz. Little Jack Tack Pullers at $1.20 per doz., 2 doz. lawn rakes at $3.40 per doz.

Buy from Henry Disston's Sons, on %, 100 hand saws at $5.32 each.

Cash sales, $121.63.

26.

Send check to New England Cutlery Co. in payment of our bill of the 15th instant, less 2% discount.

Pay freight, P. R. R., $2.

Pay Clerks, $30; Stenographer, $10.

Pay Driver two weeks' wages, $20.

_____ draws $100 on account.
Student's name

Contribute to the Charity Organization Society, $100.

J. W. Russell returns to us 25 cheese presses at $4 each because they were not like the sample shown him.

Cash sales, $72.45.

28.

J. C. Bailey pays his note of Sept. 27th.

Receive from Edward Steiner & Co., check in payment of their acceptance due tomorrow.

Sell to Union Hardware Co., on %, 10 windmill pumps at $17 each, 1 lift pump $6.45.

Sell to J. C. Bailey, on %, 1,000 lbs. $\frac{7}{16}$ in. Manilla rope at 12¢ per lb., 1 gross prs. spring hinges, No. 18, at $18, 10 doz. reversible gate hinges at $5 per doz., 12 Sure Grip Hay Unloaders at $10 each, 1 oak cabinet, No. 1658, at $52, 2 spray pumps at $11.07 each.

George Evans draws $20 on account.

James Lower draws $20 on account.

Cash sales, $124.92.

29.

Send check to Francis Albert & Co., in payment of their bill of the 25th instant, less 2% discount.

Pay for postage stamps, $10.

A. E. Trader draws $150 on account.

Sell to C. C. Pursey & Co., on %, 30 band saws at $7 each, 1 gross box scrapers $26.84.

Sell to Central Pa. Supply Co., on %, 10 doz. hand saws at $14.56 per doz.

Sell to Bailey Bros. & Raub, on %, 40 doz. knives and forks "Anchor" brand, at $3.25 per doz., 10 doz. hatchets at $6.30 per doz., 12 Meyer's Hay Unloaders at $7 each, 4 Sure Grip Hay Unloaders at $12 each.

Sell to Z. L. Smith, Bluefield, W. Va., on %, 10 doz. scythes at $5.80 per doz., 12 doz. American Files at $5 per doz., 6 forges at $12 each, 10 doz. hammers at $6 per doz., 2 doz. Osborne Hand Cultivators at $15 per doz., 10 Cable Hay Unloaders at $7 each, 2 oak cabinets, No. B—438, at $30 each, 2 gross auger handles at $3.80 per gross, 1 doz. sidewalk scrapers at $2.65.

Cash sales, $235.17.

30.

Buy from Maryland Hinge Co., on %, 75 doz. screen doors at $10 per doz., 1 doz. prs. gate hinges at $9.45.

Pay for inspecting elevator, $1.75.

F. H. Davidson & Co., return merchandise amounting to $25, which was not satisfactory. Give them credit.

Send James Lower and John Sellers $15 each for traveling expenses.

Pay subscription to Baltimore Sun, $3.

Cash sales, $45.50.

31.

Buy from Frank B. Sloan & Co., on %, 48 doz. National Queen Carpet Sweepers at $25 per doz., 1 doz. Monarch Carpet Sweepers $30.70.

Sell Miller Supply Co., on %, 1 gross mouse traps at $25.63.

Sell to J. F. Pearson & Co., on %, 1 gross weed eradicators at $10.46.

Credit salesmen, bookkeeper, and _____ with their salaries.
Student's name

Take a trial balance and close the ledger.

Compare your Bill Book with the Bills Receivable and Bills Payable accounts in your Ledger. In case they do not agree, you must make all necessary corrections before proceeding further.

Inventories for closing the books:

Merchandise	$11,845.00
Store and Office Fixtures	1,400.00
Teams	450.00
Unexpired Insurance	50.00

WRITTEN TEST NO. 12.

1. What is a co-partnership; a partnership?
2. How formed? Why formed? By how many persons?
3. How long may a partnership exist?
4. What is a partnership agreement?
5. What do you mean by the net investment of each partner?
6. Why is each given a separate account?
7. Your present worth is $6482, you have gained $2100 during the past year. Draw up your Capital account showing how it stood at the beginning of the year; also show in it, your Net Gain and Present Worth, all properly arranged.
8. How often in business should a Trial Balance be taken? Why?
9. How often should the books of original entry be posted? Closed?
10. How often in business is the Ledger closed?
11. For what purpose is the Ledger closed?
12. What is meant by taking stock? How valued?
13. What is a pre-inventory sale; clearance sale?
14. What is a Continuous Trial Balance? Describe it. What is gained by its use?
15. When is the best time to check the posting? Why?
16. Why is it necessary to place a check mark beside each item examined?
17. Name five errors that will affect the equality of the Ledger?
18. How will each affect it and how should each be corrected?
19. What is a monthly statement of account? For what purpose used?
20. What is a general Statement? An Itemized Statement? Explain and draw up forms.
21. If your Trial Balance is out to the extent of $18, what will be your first step?
22. If your Trial Balance columns show a difference of 198, what would you advise?
23. Why is it a good plan to perform the lead pencil work right in the Ledger?
24. What is gained by drawing single red lines in personal accounts, when payments just made balance certain amounts on the opposite side of the account?

TRADE DISCOUNTS.

181. In some businesses price lists or catalogues are issued containing prices from which the manufacturer or dealer means to allow the purchaser a discount or a series of discounts. These discounts are known as Trade Discounts. One of the advantages of this method of doing business is that fluctuations in prices can be easily taken care of by changing the discount or series of discounts allowed, thus avoiding the expense of printing new price lists or catalogues. Another advantage is that the retailer can freely show his prospective customer the manufacturer's illustration and description of an article that is being considered, without the prospective customer getting any information as to what the dealer will have to pay for the article.

182. Dealers issuing a price list from which a trade discount is allowed, do not always allow a uniform discount. Usually purchasers of large quantities of goods are allowed more liberal discounts than customers who buy smaller quantities, and sometimes the intensity of competition in a given line in a certain part of the country will lead to the giving of a larger trade discount in that section of the country than is offered elsewhere.

183. In charging and billing when a trade discount is allowed, it is customary to figure out the price of each item on the bill at list price and then take off the trade discount. For instance, if part of a bill of goods consisted of one dozen electric irons, list price $8 each, subject to a trade discount of 30%, 20% and 12½%, this item of the bill would be figured thus,—$12 × $8 is $96, which less 30% is $67.20, which less 20% is $53.76, which less 12½% is $47.04, the real selling price per dozen of the irons. Goods sold subject to a Trade Discount are usually also subject to a Cash Discount and the student must not get the Trade Discount and the Cash Discount confused. For information about Cash Discount, see article 109.

184. The bookkeeper or bill clerk who has much trade discount to figure will soon learn that discounts of 16⅔ and 10% equal a single discount of 25%; discounts of 25% and 20% equal a single discount of 40%; discounts of 33⅓% and 10% equal 40%; and discounts of 33% and 25% equal 50%.

SET 5.

WHOLESALE HARDWARE BUSINESS CONTINUED—PARTNER ADMITTED.

REAL ESTATE AND MACHINERY ACCOUNTS.

185. Taxes and ordinary repairs consituting the maintenance or up-keep of our property, should be charged to expense or some equivalent account and not to the Real Estate account, because the debit balance of our Real Estate account is supposed to show what our Real Estate is worth and taxes and ordinary repairs do not increase the value of our property but are a necessary expense or outlay in order to keep our property from depreciating in value.

186. If we build an addition to our building or go to some expense which makes our property permanently more valuable than it was before, it will be proper to charge the money expended in this way to our Real Estate account because that increases the value of the property.

187. In a business in which machinery is used, there is usually a Machinery account and it is treated similarly to the Real Estate account as described above. Money spent for repairs to machinery or for the replacing of broken or worn out parts, is charged to Expense or some equivalent account, say, for instance, to an account called "Machinery Repairs" or "Machinery Maintenance," which would show a loss when closed into the Loss and Gain account at the end of the business period, but if machinery is bought to equip an addition to the factory, it is proper to charge this to the Machinery account because it does increase the value of the machinery equipment instead of simply maintaining the original equipment at its first standard of efficiency.

NOV. 1.

Receive B. F. Partner, this day, as a member of the firm. He invests cash, $10,000. The firm will be known hereafter as _____ ., Trader & Co. Gains and Losses are
Student's name
to be shared in proportion to the investment. _____ is to be paid a salary
Student's name
of $85 a month for managing the business. Partnership to run for five years. Draw up a new partnership agreement.

Purchase the building in which your business has been conducted, for $12,000, in fee, and give your check in payment of same. (Open a Real Estate Account.)

2.

Pay Clerks, $30; Stenographer, $10; Driver, $10.

James Lower draws $15 on account.

John Sellers draws $48 on account.

George Evans draws $30 on account.

Buy from Mann Axe Co., Lewistown, Pa., on %, 50 doz. axes, list price $21.68, less discounts 10–20–20, 1 doz. small hatchets, list price $5.13 less discounts 10–10–10.

Receive from Oscar Bear, on %, check for $300.

Receive from M. L. Bauserman payment of his bill of the 23rd ult., less 2% discount.

Send Anderson & Ireland check in payment of our account to date.

Cash sales, $226.30.

4.

Pay for repairs to wagon, $4.50.

Have George Yakel & Co.'s note, dated Oct. 17th, discounted.

Sell to Lindamuth & Co., on %, 10,000 sq. ft. wire netting at $1.25 per hundred sq. ft., 70 doz. wire stretchers at $1.50 per doz., 1 doz. vegetable slicers at $15.30.

Receive from J. W. Russell, check in payment of his bill of the 24th ult., less 2% discount.

Sell to S. T. Sampson, on %, 10 doz. plastering trowels at $9 per doz., 2 doz. self measuring faucets at $36 per doz., 100 1 lb. cans of graphite at 20¢ per can, 3 doz. No. 5, frying pans at $6 per doz., 6 doz. planters' hoes at $10 per doz., 6 doz. farriers' knives at $3 per doz., 5 doz. malleable rakes at $6 per doz., 6 doz. hay fork pulleys at $6 per doz., 1 doz. Disston's pruning hooks at $12, 8 doz. 3 oz. boxes U. S. Metal Polish at 50¢ a doz., 2 doz. Harper Fly Traps at $13.36 per doz.

Sell to Marshall, Wescoat & Co., on %, 5 doz. Perfect Vises at $24 per doz., 1 doz. Phoenix Window Cleaners at $3.54, 6 doz. Electric Razors at $10 per doz., 1 ton sash weights at $26, 1 No. 4, sausage stuffer at $30, 1 doz. Reading Apple Parers at $4.

Cash sales, $125.37.

5.

Return to Mann Axe Co., axes to the value of $75, which were not as per order.

Buy from C. A. Starrell & Co., Chicago, Ill., on %, 100 doz. hand vises, list price $20.42 per doz. less discount 25–25–25.

Pay taxes on property, $81. (Open a tax account.)

Receive from Union Hardware Co., their note at 30 days for $176.45, dated Nov. 4th, 19—.

Pay freight, B. & O. R. R., $4.50.

Cash sales, $256.32.

6.

Receive from J. F. Pearson & Co. payment of their note of Sept. 7th, 19—.

Receive our draft at 10 days for $302, on Frank Beall & Co., which was accepted on the 5th instant.

Sell to Samuel Emmert, on %, 8 doz. hand vises at $10 per doz., 1 doz. garden trowels $4.23, 4 deep well pumps, No. 83, at $25 each.

Sell George Yakel & Co., on %, 5 doz. engineers' wrenches at $23 per doz., 1 doz. Victor Potato Parers at $60, 3–3½ in. shallow well pumps at $17 each, 40 lbs. Hindostan Oil Stones at 10¢ per lb., 1 doz. bicycle wrenches at $4.86.

Sell to J. H. Constantine, on %, 10 doz. mail boxes at $12.75, per doz.

Cash sales, $72.45.

7.

Receive from J. R. Emerson & Co., on %, bank draft for $175.

Pay for thousand mile ticket on B. & O. R. R. for Jas. Lower, $20.

Send John Sellers $15 for traveling expenses.

Buy from New England Cutlery Co., on %, 100 doz. drawing knives, list price $24.40 less discounts 20–20–20.

Receive from Young Bros., on %, check for $235.60.

Cash sales, $145.72.

8.

_____ draws $125 on account.
Student's name

Pay for putting in elevator, $535.

Sell to J. W. Russell, on %, 2 doz. bench drills at $25 per doz., 3 doz. Family Apple Parers at $15 per doz., 5 doz. Vaughan's Post Hole Diggers at $9 per doz., 4 doz. Crank's No. 20 Pliers at $9 per doz., 6 doz. iron planes at $5 per doz., 1 gross 2 qt. corn poppers at $10.50 per gross, 4 doz. Perfection Post Hole Diggers at $8 per doz.

Sell to M. L. Bauserman, on %, 10 doz. butcher knives at $3.70 per doz., 6 doz. heavy communicating door locks at $12 per doz., 1 gross skate sharpeners at $18 per gross, 5 doz. hand saws at $18 per doz., 5 doz. Marion Carpet Sweepers at $24 per doz., 3 doz. Criterion Saw Sets at $6 per doz., 5 doz. knives and forks (Holmes & Edwards) at $3 per doz., 2 doz. door springs at $2.71 per doz.

Sell to Keystone Hardware Co., on %, 4 doz. egg beaters at $6 per doz., 1 doz. wing calipers at $7.65, 6 doz. electric spiral screw drivers at $6 per doz., 4 doz. fancy screen doors at $10.50 per doz., 5 doz. Columbia Tack Pullers at $5 per doz., 10 doz. "1847" knives and forks at $3.50 per doz., 1 doz. Taintor's Positive Saw Sets at $18.

Sell to J. R. M. Adams, on %, 10 doz. butcher knives at $3.70 per doz., 5 doz. Barber's Ratchet Braces at $9 per doz., 6 doz. box openers at $5 per doz., 2 doz. Marion Carpet Sweepers at $24 per doz., 3 American Meat Cutters, No. 4, at $25 each, ½ gross Hunter's Nail Sets at $10 per gross, 1 doz. curry combs at $6.83.

Pay for advertising, $25.

Z. L. Smith having refused to accept our 30-day draft and having written that he does not expect to be in a position to pay our bill for at least six months, we place his account in the hands of our attorney, Robert E. Traverse for collection. Open an account with the attorney.

Cash sales, $128.72.

9.

Buy from Anderson & Ireland, on %, 90 doz. mail boxes, list price $80.00 per doz. less discounts 50–50–50, 18 gross can openers, list price $4.72 per gross less discounts 25–25–25, 1 doz. brooms, list price $15.29 per doz. less discounts 12½–12½–12½.

Buy from William H. Cole & Son, on %, 70 doz. Sampson Cork Screws at $10 per doz., 16 doz. box openers at $5.20 per doz.

Receive from George Yakel & Co., on %, check for $156.14.

Receive from Central Pa. Supply Co., on %, $250.

Sell to Young Bros., on %, 4 doz. Gem Nail Pullers at $12 per doz., 2 doz. Leavey's Mitre Boxes at $30 per doz., 6 coffee mill motors at $5 each, 10 4-qt. lard presses at $4 each, 2 doz. lathe disc sharpeners at $30 per doz., 1 doz. Dew Drop Lawn Sprinklers at $2, 1 doz. Enterprise Meat Cutters, No. 10, at $35.

Sell to C. S. Pitcher & Co., on %, 5 doz. Electric Razors at $10.50 per doz., 8 doz. brass kettles at $7 per doz., 6 doz. chopping knives at $4 per doz., 4 doz. carving knife hones at $2.50 per doz., 300 lbs., Defender Anti-friction Metal at 18¢ per lb., 4 doz. Matchless Mop Wringers at $12 per doz., 8 doz. steel measuring tapes at $8 per doz., 1 doz. tinned trowels at $6.50, 1 doz. combination pruning shears at $13.30 per doz.

Sell to Cumberland Hardware Co., on %, 10 doz. spring punches at $1.70 per doz., 500 Payson's Transom Lifters at $13 per C., 3 doz. auto wagon jacks at $25 per doz., 2 doz. washer cutters at $6.50 per doz., 1 spray pump at $2.45.

Sell to A. B. Cochrane & Co., on %, 5 doz. Ryan's Post Hole Diggers at $20 per doz., 5 doz. Stillson Pipe Wrenches at $20 per doz., 6 doz. serrated hay knives at $10 per doz., 10 doz. Wadsworth's No. 2 Hedge Trimmers at $6 per doz., 1 gross carpenters' pencils at $4.80.

Sell to Dillon & Co., on %, 10 doz. razors at $10 per doz., 5 doz. lawn rakes at $4.03 per doz.

Pay salaries for the week, Clerks, $30; Stenographer $10; Driver $10.

Pay note of Sept. 10 favor of Francis Albert & Co.

Cash sales, $234.27.

11.

Pay freight, P. R. R., $6.25.

We discover an error in the shipment received from Anderson & Ireland on the 9th instant. Instead of 90 doz. mail boxes we received only 89 doz. Make an entry for the amount of the error and notify Anderson & Ireland.

Pay the bill of Mann Axe Co., of the 2nd instant, less 2% discount.

Receive from Samuel Emmert, on %, his note at 30 days for $425.15 dated Nov. 9th, 19—, with interest at 6%.

Receive from Miller Supply Co., on %, check for $300.

Cash sales, $125.30.

12.

Central Pa. Supply Co. pay the interest on, and renew their note of Sept. 13th, giving a new note due in 30 days from date.

Sell to J. R. Emerson & Co., on %, 20 Knapsack Spray Pumps at $10 each, 2 gross metal polish at $12 per gross, 1 doz. wire pliers at $10.61.

Sell to J. H. Bowman & Co., on %, 10 doz. Disston's Combination Pruning Hooks at $18 per doz., 1 doz. apple parers at $4.25.

Sell to Oscar Bear, on %, 1 gross razors, $120, 1 doz. corn poppers (2 qt.) $1.15, 1 doz. hay fork pulleys at $4.

Pay for new roof on store, $225.

Pay for gas bill in A. E. Trader's private residence, $12.50.

B. F. Partner draws $50 for personal use.

Cash sales, $78.20.

13.

Receive from M. L. Bauserman, check in payment of his bill of the 8th instant, less 2% discount.

Receive from Lindamuth & Co., on %, check for $325.

S. T. Sampson has failed. Accept 45¢ on the dollar in settlement of his indebtedness. (Open a Lost Accounts and Notes Account, which account is debited for the amount of loss sustained. Some persons would charge this to the Loss and Gain account, but you prefer to make no entries to that account until you close your books. The final result, of course, is the same in either case.)

Marshall, Wescoat & Co. pay their note of Sept. 19th which has yet 35 days to run. In making remittance, they deduct interest for that time.

Cash sales, $342.62.

14.

Send John Sellers $15 for traveling expenses.

Send Maryland Hinge Co., on %, check for $700.

Buy from Francis Albert & Co., on %, 36 doz. Positive Saw Sets at $18 per doz., 20 doz. bench screws at $3 per doz., 1 gross scythe stones at $7.30.

Buy from National Tool & Stamping Co., on %, 45 doz. engineers' wrenches at $20 per doz., 1 doz. Stillson Wrenches at $24.85.

Buy from Frank B. Sloan & Co., on %, 60 doz. ratchet braces at $8.90 per doz., 1 set of wood chisels at $6.50.

Buy feed for horses, $17.25.

George Evans draws, on %, $40.

J. W. Russell returns goods amounting to $15.45 from his bill of the 8th instant, which he claims were not as represented by our salesman. He remits at the same time for his bill, less 2% discount.

Cash sales, $123.46.

15.

Send to C. A. Starrell & Co., bank draft in payment of their bill of the 5th instant, less freight allowance, $1.25 and 2½% discount.

Sell to C. C. Pursey & Co., on %, 8 doz. Keystone Egg Beaters at $6 per doz., 10 doz. hatchets at $6.30 per doz., 4 Meyer's Hay Unloaders at $7 each, 1 low down tank pump at $5, 2 doz. box openers at $6.10 per doz.

Sell to Miller Hardware Co., on %, 10 gross tailors' blue crayons at $9 per gross, 2 doz. Enterprise Self Measuring Faucets at $36 per doz., 10 doz. hedge trimmers at $8 per doz., 4 Meyer's Hay Unloaders at $7 each, 1 doz. can openers at $5.40.

Sell to Wilcox Hardware Co., on %, 3,178.7 lbs. ⅜ inch chain at $4 per cwt.

Sell to George Keller, on %, 2 doz. spiral egg beaters at $4.25 per doz., 10 doz. cherry stoners at $5 per doz., 5 doz. frying pans, No. 7, at $8 per doz., 5 doz. prs. McKinney's Barn Door Hangers at $18 per doz., 4 doz. Osborne's Hand Cultivators at $15 per doz.

Receive from Marshall, Westcoat & Co., on %, check for $380.92.

Pay freight, P. R. R., $4.25.

Cash sales, $234.17.

Take a Trial Balance at this point and submit same for approval.

188. At this point the teacher may direct the student where to procure the cash on hand and a packet containing the daily cash receipts. At the close of business each day the student shall deposit in the College Bank all funds on hand in excess of $100, this sum to be retained in the cash drawer to make change and pay employees. Employees drawing less than $50 at a time may be paid in cash; all other payments shall be made by check. For the convenience of your employees you may enclose the sum you wish to pay each of them in an addressed envelope and leave same at the bank for the employee to receive when he calls for it.

Make out all out-going papers.

16.

Pay salaries, Clerks $30; Stenographer $10; Driver $10.

James Lower draws $30 for private use.

Send National Tool & Stamping Co., on %, check for $758.50.

Receive from Wilcox Hardware Co., on %, bank draft for $300.

Receive from George Keller, check in payment of his bill of the 24th ult.

Pay for letter-heads, $15.50.

Pay for current for electric lights, $16.

Cash sales, $175.

18.

Discount for M. L. Bauserman, his note in our favor for $800 dated Nov. 16th, 19—, due 90 days after date, giving him a check for the proceeds.

We receive from our attorney, Robert E. Traverse, the amount of Z. L. Smith's account less the attorney's fee of 20% for making the collection.

Sell to Union Hardware Co., on %, 10 doz. cherry stoners at $5 per doz., 5 doz. frying pans, No. 7, at $8 per doz., 5 doz. prs. McKinney's Barn Door Hangers at $18 per doz., 4 doz. Osborne's Hand Cultivators at $15 per doz., 1 windmill pump at $22.30.

Send to F. H. Davidson & Co., on %, 10 doz. butchers' cleavers at $1.75 per doz., 20 Walker Hay Forks at $2.50 each, 5 doz. hedge trimmers No. 1, at $8 per doz., 600 lbs. Italian Steam Packing at 10½¢ per lb., 1 doz. Advance Apple Parers at $4.50, 1 doz. door holders at $3.65.

Sell to Central Pa. Supply Co., on %, 10 doz. coffee mills at $5.92 per doz.

Sell to Baltimore Hardware Co., on %, 10 doz. carpet stretchers at $21 per doz., 2 doz. Easy Lawn Swings at $85 per doz., 4 doz. razors at $10 per doz., 1 doz. breast drills at $5.90.

Sell to J. C. Bailey, on %, 1 gross double calipers at $48, 12 doz. White Mountain Potato Parers at $6 per doz., 1 set Firmer Chisels at $7.40.

Sell to J. F. Pearson & Co., on %, 24 doz. Sprague Can Openers at $3 per doz., 1 doz. butcher knives at $3.28.

Cash sales, $324.80.

19.

_____ draws $75 on account.
Student's name

Receive from Edward Steiner & Co., check for $167.38.

Receive from J. C. Bailey, check in payment of his bill of the 27th ult.

John Sellers draws $25 for private use.

Pay National Tool & Stamping Co.'s bill of the 14th instant, less 2% discount.

Send to New England Cutlery Co., bank draft in payment of their bill of the 7th instant. Pay exchange on above draft, 50¢.

Cash sales, $104.32.

20.

Sell to Miller Supply Co., on %, 5 doz. self measuring faucets at $32 per doz., 2 doz. wood faucets at $2.70 per doz.

Sell to Keystone Hardware Co., on %, 10 3½ inch shallow well pumps at $15 each, 5, 2½ inch deep well pumps at $15 each.

Sell to Frank Beall & Co., on %, 1 doz. hydrant filters at $7.82, 10 doz. files at $3 per doz., 5 No. 4 sausage stuffers at $30 each, 6 doz. hand saws at $18 per doz., 1 doz. machinists' levels at $12.

Sell to Lindamuth & Co., on %, 4 doz. Osborne's Hand Cultivators at $15 per doz., 4 3 inch deep well pumps at $15 each, 1 3½ inch lift pump at $8.50, 2 doz. razors at $10 per doz.

Buy typewriter for $100. The agent accepted our old machine at $25 in part payment.

Send to Francis Albert & Co., check for their bill of the 14th inst., less 2% discount.

Cash sales, $243.86.

21.

Buy from the New England Cutlery Co., on %, 100 doz. axes, list price $12.28 per doz. less discounts 20–20–20, 1 doz. hatchets, list price $7.94, less discounts 10–10–10.

Buy from Maryland Hinge Co., on %, 100 doz. store door hinges at $12.60 per doz., 11 doz. gate hinges at $4.35 per doz.

Send William H. Cole & Son, on %, check for $865.70.

Keystone Hardware Co. accepted our draft on the 20th instant for $500, payable at 10 days' sight.

Receive from George Keller check in payment of his bill of the 15th instant less 2% discount.

Pay Bell Telephone Co. for one year's rent of 'phone, $65; pay for postage stamps, $5; for cleaning windows and floor, $3.50; for office clock, $12.

Cash sales, $282.43.

22.

Send James Lower and John Sellers $15 each for traveling expenses.

Pay freight, B. & O. R. R., $5.80.

Receive from George Yakel & Co., on %, check for $234.86.

Receive from J. C. Bailey, check in payment of his bill of the 18th instant, less 2% discount.

Sell to A. B. Cochrane & Co., on %, 10,000 ft. hemp fuse at $2.60 per M., 10 doz. picks at $8 per doz., 6 doz. Perfection Post Hole Diggers at $8 per doz., 5 doz. machinists' levels at $12 per doz., 3 doz. Disston's Pruning Hooks at $12 per doz., 1 doz. razors at $10, 1 doz. frying pans at $3.75.

Sell to Bailey Bros. & Raub, on %, 5 doz. hay knives at $10 per doz., 5 doz. razors at $10 per doz., 1 doz. weeding hoes at $10.39.

Sell to J. W. Russell, on %, 10 doz. Monarch Carpet Sweepers at $24 per doz., 12 3½ inch shallow well pumps at $15 each, 1 doz. rip saws at $30, 1 doz. nail pullers at $13.72.

Sell to M. L. Bauserman, on %, 10 doz. gate hinges at $5.80 per doz., 6 doz. iron planes at $5 per doz., 8 doz. wire pliers at $9 per doz., 3 gross 8 oz. U. S. Metal Polish at $12 per gross, 3 gross 2 qt. corn poppers at $10 per gross, 8 doz. Disston's Pruning Hooks at $8 per doz., 6 doz. Perfection Post Hole Diggers at $8 per doz., 10 doz. 4½ inch hay fork pulleys at $6 per doz., 6 doz. Anti-friction 6 inch Pulleys at $12 per doz., 6 No. 235, windmill pumps at $16 each, 2 Meyer's Hay Unloaders at $7 each, 2 doz. Lightning Fish Scalers at $3.20 per doz.

Cash sales, $135.62.

23.

Pay salaries, Clerks $30; Stenographer $10; Driver $10.

Receive from Lindamuth & Co., check in full of account.

Pay water rent, $15.

Receive from Cumberland Hardware Co., on %, their note at 30 days for $247.97, dated Nov. 22nd, 19—, with interest at 6%.

Cash sales, $76.28.

25.

Return to New England Cutlery Co., hdwe. amounting to $85.60, from bill of the 21st instant. We remit at the same time for this bill less 2% discount and freight allowance of $2.40.

Buy from Henry Disston's Sons, on %, 10 doz. cross-cut saws at $27 per doz., 1 doz. small hand saws at $5.50.

_____ draws $200 on account.
Student's name

Pay for advertising, $25.

Pay for partition in 2nd floor of building, $50. (We class this work under the head of repairs.)

Receive from A. B. Cochrane & Co., on %, check for $400.

Baltimore Hardware Co., pays its bill of the 18th instant less 2% discount.

Buy from Mann Axe Co., on %, 100 doz. axes at 6.40 per doz., 1 doz. hatchets at $3.85.

Buy from C. A. Starrell & Co., on %, 100 doz. nail hammers at $7.30 per doz., 2 Magnetic Tack Hammers at $1.60 each.

Return to the New England Cutlery Co. 10 doz. axes at $6.30 per doz. because defective.

Buy from Mann Axe Co., on %, 100 doz. axes, list price $51.20 per doz. less discounts 50–50–50, 1 doz. hatches, list price $5.26, less discounts 10–10–10.

Buy from C. A. Starrell & Co., on %, 100 doz. nail hammers, list price $17.29, less discounts, 25–25–25, 2 Magnetic Tack Hammers, list price $2.76, less discounts, 16⅔–16⅔–16⅔.

Cash sales, $156.38.

26.

Sell to J. R. M. Adams, on %, 10 cheese presses at $4.30 each, 12 doz. communicating door locks at $15 per doz., 10 doz. garden rakes at $6 per doz., 4 No. 4 sausage stuffers at $30 each, 3 3-inch lift pumps at $9 each, 1 doz. door knobs at $2.65.

Sell to Marshall, Westcoat & Co., on %, 12 doz. lemon squeezers at $4 per doz., 6 doz. machinists' levels at $12 per doz., 4 doz. carpet stretchers at $24 per doz., 12 doz. Columbia Tack Pullers at $5.00 per doz., 20 doz. "1847" knives and forks at $3.50 per doz., 5 doz. prs. shears at $6 per doz., 3 doz. No. 2 box scrapers at $4 per doz., 1 doz. ice awls, $6.43.

Sell to Young Bros. on account, 1 doz. lawn swings $87.25.

Sell to Dillon & Co., on %, 10 blacksmiths' drills at $10 each, 10 doz. drawing knives at $12.50

per doz., 12 doz. sets framing chisels at $5 per doz., 10 doz. Keystone Egg Beaters at $6 per doz., 2 doz. grass hooks at $2.91 per doz.

Sell to Edward Steiner & Co., on %, 10 meat cutters at $47 each, 1 doz. meat hooks at $2.34.

Sell to Miller Hardware Co., on %, 8 doz. apple parers at $4 per doz., 5 doz. Perpetual Carpet Sweepers at $20 per doz., 1 box assorted pencils, $2.17.

George Evans draws $25 on account.

John Sellers draws $30 on account.

Pay for pavement in front of store, $160.

Receive from F. H. Davidson & Co., on %, check for $150.

Cash sales, $427.80.

27.

Having decided that it costs us more to keep our own teams than it does to have our hauling done, we dispose of horses, wagons and harness for the sum of $380.

A. E. Trader draws $150 on account.

Receive from M. L. Bauserman, check in payment of his bill of the 22nd instant, less 2% discount.

Receive from J. W. Russell, bank draft for $248.50.

Receive from Samuel Emmert, check in full of account.

Send Maryland Hinge Co., check for $800 to apply on %.

We contribute towards the Newsboys' Thanksgiving Dinner, $5.

Cash sales, $175.30.

29.

Sell to C. C. Pursey & Co., on %, 9 sausage stuffers at $30 each, 1 shallow well pump at $13.45

Sell to J. H. Constantine, on %, 1 gross kraut cutters at $20, 5 doz. Monarch Carpet Sweepers at $24 per doz., 2 American Meat Cutters, No. B, at $50 each, 1 doz. spoke shaves at $5.27.

Sell to Samuel Emmert, on %, 10 doz. hollow handle screw drivers at $6.80 per doz., 5 doz. Transparent Carpet Sweepers (plate glass top) at $32 per doz., 10 American Meat Cutters, No. 4,. at $25 each, 6 Meyer's Hay Unloaders at $7 each, 1 doz. hedge shears at $6.80.

Sell to Cumberland Hardware Co., on %, 20 Meyer's Hay Unloaders at $7 each, 1 doz. screen doors at $8.50.

Sell to Wilcox Hardware Co., on %, 5 doz. wagon jacks at $18 per doz., 10 3-inch deep well pumps at $15 each, 3 doz. small iron planes at $4 per doz., 100 transom lifters, $15.53.

Sell to George Yakel & Co., on %, 10 doz. Monarch Carpet Sweepers at $24 per doz., 6 doz. Montrass Carpet Stretchers at $6 per doz., 4 American Meat Cutters, No. B, at $50 each, 2 doz. barn door latches at $2 per dozen, 1 doz. drawing knives at $12.75.

Send James Lower and John Sellers $15 each for traveling expenses.

Send check to Anderson & Ireland in full of account.

Cash sales, $84.50.

30.

Pay salaries, Clerks $30; Stenographer $10; Driver $10.

Keystone Hardware Co. pay their acceptance of the 20th instant.

Cash sales, $25.10.

Credit Salesmen, Bookkeeper and _____ for their salaries.
Student's name

Take a Trial Balance and close Ledger.

The inventories are as follows:

Merchandise	$9,675.00
Store and Office Fixtures	1,475.00
Unexpired Insurance	43.00
Real Estate	12,920.00
Unexpired Taxes	74.00
Cash on hand	

After the Ledger has been closed take another Trial Balance and make out statements of Assets & Liabilities and of Profits & Losses.

WRITTEN TEST NO. 13.

1. What is Trade Discount? Why used? To whom allowed?
2. What is Mdse. or Cash discount?
3. What is Bank discount? True discount?
4. In Trade discount why use a series of discounts instead of a single discount?
5. Is the customer charged with the net or gross amount of the sale?
6. What do you mean by catalogue price? Market price? Net selling price?
7. What is an invoice? A bill? A deposit slip? A statement?
8. How do you handle the fractional parts of a cent when taking off trade discounts?
9. Explain retail,—wholesale,—installment,—manufacturer,—jobber,—merchant,—creditor, debtor,—credit,—debit,—solvency,—insolvency,—original net investment,—net capital,—present worth,—balance.
10. When is Loss & Gain account used as an open account?
11. Should it be included in the Trial Balance if open? What is done with it when closing the ledger?
12. What entry is made when cash in stolen? Mdse? When a horse dies? When a building burns? When cash is found? When a donation is made to charity?
13. When the liabilities are greater than the resources what does the difference show?
14. If the year's business shows a net loss, does it indicate that the firm is insolvent? Why?
15. If in posting an amount is omitted, what effect will it have on the trial balance? If posted twice? If posted to the wrong side? If the amount has been computed incorrectly in the original entry?
16. Why are notes and acceptances discounted?
17. What is discount? Interest? Proceeds? Face of a note? Indorsement? Indorser? Protest? Notice? Notary Public? Prothonotary?
18. If a note draws interest, how is the amount due at maturity found?
19. How is an interest bearing note discounted? Name the legal holidays in Pennsylvania.
20. What is the law in Pennsylvania regarding Sundays and holidays? Why is the day of discount added when computing discount? How can you find the day of the week, on which a note will fall due?
21. Explain:—Nominal due date; legal due date; term of discount; days of discount; proceeds; third party; "no protest;" joint and several note; overdue note; certified check; honoring a draft; security; warranty; guaranty; "lifting" a note; assets.
22. What do you mean by double checking when you are trying to locate an error in your Trial Balance?
23. What things should be done before resorting to double checking?
24. Why is checking necessary? Explain.
25. My Trial Balance is out $74.25. What do you advise?

CONTROLLING ACCOUNTS.

189. In many businesses three or more Ledgers are kept instead of keeping the different kinds of accounts in various parts of the same Ledger. For instance, one Ledger known as a Private Ledger or as a General Ledger may be kept to contain the Stock Accounts and the Private Accounts of the Proprietors of the business, the Merchandise Account, the Merchandise Purchases account, the Merchandise Sales account, the Expense account, the Store and Office Fixtures account, the Bills Receivable account, the Bills Payable account and other similar general business accounts. Another Ledger known as the Customers' Ledger or Sales Ledger, may be kept to contain the accounts with all customers and another Ledger known as a Purchase Ledger or as a Creditors' Ledger may be kept to contain the accounts with persons from whom purchases are made.

190. When a Private Ledger or General Ledger is kept, it is a common practice to keep one or more controlling accounts in it such as an Accounts Receivable account, or an Accounts Payable account, or both. To keep an Accounts Receivable account it is only necessary at the time the account is opened to debit the account with the amount owed on account to the person for whom the books are kept and then to debit the account with any additional sums which may become owing to him and to credit the account with all sums received in payment or part payment of the accounts above mentioned. However, instead of entering each debit and each credit to this account separately, it is customary to keep a special column on the debit side of the Cash Book headed "Accounts Receivable" and to extend into this column all sums received in payment or in part payment of accounts. This column is footed and forwarded from page to page until the end of the month or until any other set time at which a Trial Balance is to be taken, and the total is then transferred or posted to the credit side of the Accounts Receivable account in the General Ledger. Two special columns must also be kept in the Journal, one of them headed Accounts Receivable Debits, and the other Accounts Receivable Credits.

191. Into the Accounts Receivable Debits column must be extended all sums for which other persons become indebted on account to the person for whom the books are kept. This Accounts Receivable Debits column in the Journal is footed and forwarded from page to page until the end of the month or until any other set time at which a Trial Balance is to be taken and the total is then posted to the debit side of the Accounts Receivable account in the General Ledger.

192. Into the Accounts Receivable Credits column must be extended all credits on Accounts Receivable appearing in the Journal. The chief credits of this class will be the credit if a customer gives the person for whom the books are kept a note in full or part settlement of account or accepts his time draft, and the credit for goods returned by the customer, and the credit for any other allowance made the customer such as an allowance for shortage or for defective goods or for freight which according to agreement should have been paid by the shipper. This Accounts Receivable Credits column in the Journal is footed and forwarded from page to page until the end of the month or until any other time at which a Trial Balance is to be taken and the total is then posted to the credit side of the Accounts Receivable account in the General Ledger.

193. If the work has been correctly done, the difference between the debit side and the credit side of the Accounts Receivable account in the General Ledger will be exactly the same as the sum of the differences from all of the accounts in the Customers Ledger and the bookkeeper in charge of the General Ledger can thus take his Trial Balance without referring to the individual accounts in the Customers' Ledger.

194. You will note that the keeping of these special columns to supply figures for the Controlling account does not alter the regular routine of the bookkeeping work in any particular. All posting must be done just the same as though no Accounts Receivable columns were being kept in the Cash book and the Journal. Note also that when you transfer or post the total of the Accounts Receivable column in the Cash book to the credit side of the Accounts Receivable account in the General Ledger there is no debit made to balance this credit because this is not a new or separate credit but is just a statement of the total of the credits made to Customers' accounts when

they made payments on their indebtedness and that likewise the posting of the totals of the Accounts Receivable debits and the Accounts Receivable credits columns of the Journal to the Accounts Receivable account in the General Ledger is not entering a new debit and a new credit on the books but is simply transferring a debit and a credit from one part of the books to another part of the books and for this reason these entries do not require any debits or credits on the books to balance them.

195. An Accounts Payable account in the General Ledger may be kept in a manner similar to the keeping of an Accounts Receivable account. A special column headed "Accounts Payable" is used on the credit side of the Cash Book into which are extended all payments made on account by the person for whom the books are kept and the total of this column is posted at stated intervals to the debit side of the Accounts Payable account in the General Ledger. Two special columns are kept in the Journal, the one headed Accounts Payable Credits and the other Accounts Payable Debits. Into the Accounts Payable Credits column, the sum of every purchase on account is extended and the total of this column is posted at stated periods to the credit side of the Accounts Payable account in the General Ledger. Into the Accounts Payable Debits column is extended the amount of every Journal entry showing a decrease in the amount owed on account, whether the decrease arises through the giving of a note or the accepting of a time-draft, or through the return of goods to the person from whom they were purchased, or through an allowance made for any reason on goods previously purchased, or in any other way, and the total of this column is posted at stated periods to the debit side of the Accounts Payable account in the General Ledger.

THE BILL BOOK AS A BOOK OF ORIGINAL ENTRY

196. Heretofore we have used the Bill Book merely as an auxiliary record book,—a subsidiary record,—for handling the many details which must be considered when we handle notes and acceptances.

In our future work we shall use the Bill Book as a book of original entry for notes and accepted drafts. This means that we shall not enter the items above mentioned in the Journal as heretofore. We shall enter Bills Receivable and Bills Payable only in the Bill Book and using it as a posting medium shall post from it to the Ledger.

In the case of the Bills Receivable Book, we shall credit each person who gives us a note or accepts our time draft, and shall charge Bills Receivable Account in the General Ledger at the end of each Trial Balance period for the total of notes and acceptances received during the period.

We shall handle Bills Payable in the same way, only, of course, reversed, debiting each person to whom we give a note or whose time draft we accept, and at the end of the Trial Balance period crediting Bills Payable account with the total of the notes and acceptances issued during the month.

Bills Receivable and Bills Payable accounts become Controlling accounts when the plan above outlined is followed.

SET 6.

WHOLESALE GROCERY BUSINESS OF _____ & Trader.
(Student's name)

_____ and A. E. Trader have entered into partnership, Jan. 1, 19—, to conduct a Wholesale Grocery Business, the firm to be known as _____ and Trader. Gains and losses to be shared equally, after allowing each of the partners 6% interest on his investment, as shown by his stock account, and allowing _____ a salary of $75 a month and A. E. Trader a salary of $85 a month for their services in conducting the business.
(Student's name) (Student's name)

_____ invests cash, $6,000.
(Student's name)

A. E. Trader, who has been conducting the business heretofore, invests cash, $434; merchandise, as per inventory, $13,455.61; store and office fixtures, $825; accounts due him as follows: Bryant & Clarvoe, 2801 N. Lee St., $70.54; Jordon Stabler Co., 318 N. Charles St., $386.69; McGaw

& Co., 906 S. 21st St., $112.47; Gold Bros., 323 W. Saratoga St., $131.94; Reitz Bros., 416 W. Lexington St., $45.28; Boyer & Co., 114 German St., $9.80; William Jackson, 217 E. Baltimore St., $58.38; L. W. Johnson, Baltimore, Md., $202.95; Cooper Bros., Winchester, Va., $124.88; Miller & Hartman, Lancaster, Pa., $444.50; C. Walburn & Co., Charleston, S. C. $200.29; Otto Tielman & Son, Columbus, S. C., $114.95; J. B. Friday & Co., Danville, Va., $144.76; Baker & Co., Staunton, Va., $610.21; Wagner & Johnson, Charleston, S. C., $113.75; Hayes & Nurff, Atlanta, Ga., $168.41; J. T. Bailey, 2040 N. 2nd St., $7.19; Frank Reist, York, Pa., $87.15; accounts owed by him as follows: Thomas G. Cranwell & Co., 120 S. Delaware Ave., $74.07; C. A. Gambrill Mfg. Co., 14 E. German St., $1,157; The National Biscuit Co., 1301 Glenwood Ave., Phila., $611.75; The Woolson Spice Co., Toledo, O., $783.13; Schriver, Bentley & Co., 208 W. German St., $242.25; J. A. Edmondson & Son, 108 Hanover St., $24.75; Edward L. Palmer & Co., Baltimore, Md., $455.80.

In Sets 6, 7 and 8, the student may run three Ledgers,—a General Ledger containing the business accounts, a Sales Ledger containing the Customers' Accounts and a Purchase Ledger containing the Creditors' accounts. Two Controlling accounts shall be kept in the General Ledger according to the plan described in articles 189 to 195,—an Accounts Receivable account and an Accounts Payable account. Also the Bill Book may be used as a book of original entry in accordance with article 196.

In this set you may use the following accounts besides the necessary personal accounts: A. E. Trader, Stock; A. E. Trader, Private; _____ (Student's name) Stock; _____ (Student's name) Private; Merchandise; Cash; Expense; Bills Receivable; Bills Payable; Interest; Advertising; Store and Office Fixtures; Freight and Drayage; Teams; Insurance; Real Estate; Salaries; Salesmen's Traveling Expense; and accounts with the following traveling salesmen: Fred. Baker, whom we pay $75 per month; Robert West, whom we pay $70 per month; and Charles Saum, whom we pay $65 per month. We have two clerks, John Jones, whom we pay $8 per week, and James Marshall, whom we pay $12 per week, and a bookkeeper, Albert Handley, whom we pay $15 per week.

Make out bills for all goods sold; receipts for all money received; checks for all money paid; all notes issued; and all drafts drawn upon customers.

JAN. 2.

Buy of Thos. G. Cranwell & Co., on %, 75 doz. cans Eagle Brand Tomatoes at 57½¢ per doz., 100 doz. cans corn at 57½¢ per doz.

Sell to Boyer & Co., on %, 12 bbls. Superior Family Flour at $4, 3 bbls. mackerel at $18 per bbl.

Sell Jordan Stabler Co., on %, 400 lbs. E. C. Coffee at 15¢ per lb., 30 doz. cans Crawford Peaches at $1.85 per doz., 3 bbls. (160 gals.) cider vinegar at 6¢ per gal.

Pay drayage, $3.35.

Sell Cooper Bros., on %, 24 doz. cans peaches at $1 per doz., 5 bags, 100 lbs. each, Rio Coffee at 21¢ per lb., 5 boxes crackers at $1.50 per box.

Receive from Reitz Bros. on %, note for $45.28 at 30 days with interest at 6%.

Pay for postage and stationery, $5.25.

Cash sales, $243.90.

_____ draws for private use, $50.
(Student's name)

3.

Buy from J. A. Edmondson & Son, on %, 100 bbls. apples at $2.25 per bbl., 50 boxes lemons at $2.15 per box, 75 boxes oranges at $2.40 per box.

Sell to Wm. Jackson, on %, 12 doz. bottles pickles at $1 per doz., 10 bbls. sugar, 3,436 lbs. at 5¾¢ per lb., 2 bbls. N. O. molasses, 103 gals., at 32¢ per gal.

Robert West draws $25 on his salary.

Sell Miller & Hartman, on %, 50 boxes California figs at $1 per box, 20 cheese, 60 lbs. each, at 12½¢ per lb., 25 bbls. apples (Baldwins) at $2.50 per bbl.

Pay rent of store for Jan., $65.

Cash sales, $346.82.

4.

Buy from National Biscuit Co., 100 cases Uneeda Biscuit at 75¢ per case, 20 boxes ginger snaps at $1.60 per box.

Sell C. Walburn & Co., on %, 24 hams, 252 lbs., at 12½¢ per lb., 5 doz. bottles choice pickles at $1 per doz., 8 cases Uneeda Biscuit at $2 per case, 3 boxes Proctor & Gamble's Soap at $2.45 per box.

Receive from Jordan Stabler Co., check for $350.

Sell Bryant & Clarvoe, on %, 20 doz. No. 2 peaches at $1 per doz.

Cash sales, $156.23.

5.

Sell L. W. Johnson, on %, 24 doz. cans peas at $1.15 per doz., 50 lbs. whole pepper at 18¢ per lb., 3 cheese, 60 lbs. each, at 12½¢ per lb.

Sell to Otto Tielman & Son, 25 bbls. granulated sugar, 8,630 lbs., at 5¼¢ per lb., 12 doz. cans corn at 75¢ per doz.

Pay salaries, James Marshall, $12, John Jones, $8, Albert Handley, $15.

Send Thomas G. Cranwell & Co., our note for $100 at 60 days with interest.

Cash sales, $82.30.

7.

Buy from Schriver, Bentley & Co., on %, 100 bbls. sugar, 34,330 lbs,, at 5¼¢ per lb., 50 doz. cans strawberries at $1.30 per doz., 75 cases Quaker Oats at $2 per case.

Sell J. B. Friday & Co., on %, 12 bbls. Gambrill's Best Flour at $4.40 per bbl., 15 doz. cans tomatoes at 75¢ per doz.

Pay drayage to date, $6.75.

Cash sales, $120.35.

Send Charles Saum $15 for traveling expenses.

Pay for putting in new window, $2.25.

Receive from Cooper Bros., $225 on %.

Cash sales, $92.60.

9.

Sell to Reitz Bros., on %, 10 cases Uneeda Biscuit at $2 per case, 3 boxes Ivory Soap at $6 per box, 25 lbs. boneless codfish at 6¼¢ per lb.

Sell Baker & Co., 12 bbls. gran. sugar, 4,120 lbs, at 5¾¢ per lb., 5 boxes ginger snaps at $1.60 per box, 5 cases Quaker Oats at $2.25 per case.

Cash sales, $40.65.

A. E. Trader draws for private use, $25.

10.

Receive from J. B. Friday, check for $125 to apply on %.

Pay gas bill $15.75.

Pay for repairs to elevator, $17.50.

Cash sales, $78.25.

11.

Buy from Williamson Creamery Co., Williamson, Pa., on %, 50 cheese, 60 lbs. each, at 9¢ per lb.

Buy from C. A. Gambrill Mfg. Co., 100 bbls. Best Flour at $4 per bbl., 50 bbls. Superfine Flour at $3.75 per bbl.

Sell Robert Jones & Co., Columbia, S. C., on %, 2 bbls. vinegar, 100 gals., at 6¢ per gal., 12 doz. cans string beans at 50¢ per doz., 2 sacks rice at $2.10 per sack.

Cash sales, $136.40.

12.

Pay salaries as follows: John Jones, $8, James Marshall, $12, Albert Handley, $15.

Receive from Miller & Hartman, check for $350 on %,.

Sell Wagner & Johnson, on %, 3 bbls. syrup, 160 gals., at 32¢ per gal., 2 boxes lemons at $2 per box, 50 cocoanuts at $3.50 per 100.

14.

Buy from Edward L. Palmer & Co., on %, 100 boxes American Macaroni at $1 per box, 50 sacks rice at $1.75 per sack, 75 boxes starch at $2 per box.

Send check for $1,500 to Schriver, Bentley & Co., on %.

Sell Gold Bros., on %, 5 cans Java coffee, 250 lbs., at 31¢ per lb., 60 lbs. English Breakfast Tea at 60¢ per lb.

Cash sales, $137.40.

15.

Sell Cooper Bros., on %, 2 bbls. N. O. molasses, 108 gals., at 32¢ per gal., 6 cheese, 60 lbs. each, at 12½¢ per lb., 5 boxes ginger snaps at $1.70 per box.

Fred. Baker draws $20 on his salary.

Pay drayage, $6.25.

Freight, $17.50.

Cash sales, $27.36.

16.

Send Williamson Creamery Co., check for $270, in full of account.

Sell Snyder & Co., on %, 5 bbls. brown sugar, 1,720 lbs., at 5¢ per lb., 1 bbl. vinegar, 54 gals., at 6¢ per gal.

Buy 5 tons coal at $5 per ton.

Pay_____ (Student's name) gas bill, $25.75.

Cash sales, $125.25.

17.

Sell Wm. Jackson, on %, 5 bbls. herring at $2 per bbl., 10 sacks salt at $1.50 per sack, 4 boxes lemons at $2.50 per box.

Sell Jordan Stabler Co., on %, 25 bbls. Gambrill's Best Flour at $4.40 per bbl., 20 pails jelly at 40¢ per pail, 24 doz. cans Enterprise Tomatoes at 75¢ per doz.

Robert West draws $40 on his salary.

Cash sales, $87.26.

18.

Buy of Woolson Spice Co., on %, 10 sacks coffee, 110 lbs. each, at 23¢ per lb., 25 sacks Rio Coffee, 30 lbs. each, at 12¢ per lb., 100 lbs. Oolong Tea at 50¢ per lb., 600 lbs. tea at 40¢ per lb.

Receive check from Baker & Co., for $325, on %.

Receive from Jordan Stabler Co., check for $275 on %.

Cash sales, $123.40.

19.

Send C. A. Gambrill Mfg. Co., our note at 60 days for $1,500 with interest.

Send check to Edward L. Palmer for $325.

Sell Bryant & Clarvoe, 12 bbls. Gambrill's Best Flour at $4.40 per bbl., 10 bbls. sugar, 3,436 lbs., at 5¾¢ per lb., 3 bbls. syrup, 160 gals., at 32¢ per gal., 2 bbls. vinegar at $3.20 per bbl.

Receive from Hayes & Nurff check for $155 on account.

Pay drayage, $8.25.

Pay freight, $3.60.

Cash sales, $68.40.

21.

Pay salaries as follows: James Marshall, $12; John Jones, $8; Albert Handley, $15.

Receive from William Jackson, check for $120 on %.

Sell Frank Reist, on %, 10 boxes crackers at $1.50 per box, 5 boxes ginger snaps at $1.60 per box, 2 cases Rumford Yeast Powder at $2.70 per case, 3 doz. boxes gelatine at $1.60 per doz.

Cash sales, $156.

22.

Buy from John Schoenewolf & Co., on %, 20 bbls. cider vinegar, 1,060 gals., at 5¢ per gal.

Sell J. T. Bailey 4 cases Quaker Oats at $2.25 per case, 24 hams, 258 lbs., at 12½¢ per lb., 4 doz. extract vanilla at $2 per doz.

Pay telephone bill, $75.

Send check to Woolson Spice Co., for $850 on %.

Cash sales, $76.87.

23.

Sell Maynadier & Co., on %, 5 cases Uneeda Biscuit at $2 per case, 10 bbls. Gambrill's Best Flour at $4.40 per bbl., 3 doz. cans preserves at $1.50 per doz.

Buy from Schriver, Bentley & Co., on %, 25 bbls. syrup, 1,325 gals., at 27¢ per gal., 20 bbls. N. O. molasses, 1,085 gals., at 27¢ per gal.

Buy from P. D. Armour & Co., Chicago, Ill., on %, 200 hams, 2,520 lbs., at 8¢ per lb., 50 cans lard, 2,500 lbs., at 6½¢ per lb.

Cash sales, $428.63.

24.

Sell L. W. Johnson, on %, 12 sacks ground alum salt at $1.50 per sack, 10 doz. cans salmon at $1.05 per doz., 10 bbls. apples at $2.50 per bbl.

Sell C. Walburn & Co., on %, 5 boxes Ivory Soap at $6 per box, 10 boxes oyster crackers at $1.50, 12 boxes Snow Flake Starch at $2.

Cash sales, $138.40.

Draw a sight draft on L. W. Johnson in favor of P. D. Armour, for $100.00, and a thirty-day sight draft on Gold Brothers in favor of P. D. Armour for $50.00. Send both drafts to the payee.

25.

Receive from Miller & Hartman, their note dated Jan. 23, for $250 for 60 days with interest.

Buy from J. A. Edmondson & Son, on %, 100 boxes starch at $1.75 per box, 1,000 cocoanuts at $3.10 per 100, 2 gross ammonia at $1.20 per doz.

Cash sales, $234.20.

26.

Send Fred. Baker, $20 for traveling expenses.

Pay salaries, John Jones, $8; James Marshall, $12; Albert Handley, $15.

Sell to Wagner & Johnson, on %, 4 bbls. syrup, 215 gals. at 32¢ per gal., 2 bbls. N. O. Molasses, 108 gals, at 32¢ per gal., 5 sacks rice at $2.05 per sack.

Pay for 10 tons coal for_____ (Student's name) private residence, $45.

Cash sales, $168.27.

28.

Receive check from Otto Tielman for $350 on %.

Sell Hayes & Nurff, 4 bbls. vinegar, 209 gals. at 6¢ per gal., 12 doz. cans salmon at $1.05 per doz.

Cash sales, $98.45.

29.

Receive from Boyer & Co., check for $50 on %.

Pay drayage, $3.50.

Pay for advertising, $45.

Sell Miller & Hartmann, on %, 12 cases Uneeda Biscuit at $2 per case, 24 doz. cans corn at 75¢ per doz., 2 bbls. syrup, 104 gals., at 32¢ per gal., 5 boxes starch at $2 per box.

Cash sales, $125.32.

30.

Send check to John Schoenewolf & Co., for $53 in full of account.

Sell Reitz Bros., on %, 12 doz. Extract Lemon at 75¢ per doz., 12 doz. Extract Vanilla at $2 per doz., 10 bbls. apples at $2.50 per bbl., 10 bbls. granulated sugar 3,440 lbs,. at 5¼¢ per lb.

Cash sales, $350.25.

31.

Send National Biscuit Co., check for $325 on %.

Receive from Bryant & Clarvoe, check for $160 on %.

Receive from Cooper Bros., check for $120 on %.

Credit each of the traveling salesmen and each partner with his salary.

Credit partners for interest on investments.

Inventories:

Merchandise	$13,940.50
Store and Office Fixtures	825.00

The books are now to be closed.

WRITTEN TEST NO. 14.

1. When is Discount and Interest debited? Credited?
2. What other accounts will this rule apply to?
3. Discount and Interest is closed into what account?
4. What is accrued interest? Is it a resource when owed to us?
5. If no rate of interest is given, what rate should be used? Why?
6. How many times may a note be transferred? How is it transferred?
7. If a note is not paid when due, what is usually done? Why?
8. When are the words "no protest" used, and why?
9. When resources and liabilities are both invested, what entry is made?
10. If the proprietor is just beginning, how can he have both resources and liabilities?
11. How would you proceed with a bill for Mdse. received, before writing O.K. upon it?
12. Why should Mdse. sold be itemized in the journal or sales book?
13. Why should a receipt be taken when cash is paid for any purpose?
14. How do you find the amount of cash on hand?

15. How do you find the amount of Mdse. bought? The amount sold? The amount on hand?

16. What is a bank?

17. Name some of the advantages gained by keeping an account with a bank.

18. What is a bank Pass Book and who makes the entries in this book?

19. Where should the endorsement of a check appear?

20. What is a "blank" endorsement? Full endorsement? Draw forms. Restrictive endorsement? Depositor's endorsement?

21. Why should pencil totals be written in small figures right up against the last used line?

22. On which side of the Ledger account would you perform the subtraction between the sides?

SET 7.

WHOLESALE GROCERY BUSINESS—CONTINUED.

FEBRUARY 1, 19—.

Keep your money in Bank in the following set; make daily deposits, prove cash, etc., as you handled it in the second part of Set 5.

197. Open a Bank account in the Ledger, treating it the same as any other personal account, i.e. debit the Bank and credit Cash for all deposits made; credit the Bank through the Journal for all checks drawn, except those drawn to get cash out of bank for the Pay Roll. . The amount of Pay Roll checks will be entered on the debit side of the Cash Book and posted from there to the credit of the Bank.

When an account is kept with the bank in the Ledger, the balance of the Cash Book will show the amount of cash in the cash drawer. Keeping an account with the bank in the Ledger in addition to the account kept on the back of the Check Book stub enables a large concern, drawing many checks daily, to locate more easily the errors that are sure to happen at times.

Sell to Otto Tielman & Son, on %, 3 bbls., 160 gals., N. O. molasses at 32¢ per gal., 5 bags coffee, 110 lbs. each, at 13¢ per lb., 12 doz. bottles pepper sauce, at 65¢ per doz.

Sell Baker & Co., on %, 15 bbls. 5,146 lbs., gran. sugar, at 5¾¢ per lb., 25 hams, 263 lbs., at 12½¢ per lb., 10 boxes crackers at $1.50 per box, 5 boxes ginger snaps at $1.60 per box.

Buy from Ed. L. Palmer & Co., on %, 75 cases Quaker Oats at $2 per case, 50 bbls., 2,675 gals., N. O. molasses at 25¢ per gal.

Sell to Reitz Bros., on %, 12 bbls. Gambrill's Best Flour at $4.40 per bbl., 6 boxes Ivory Soap at $6 per box, 25 lbs. boneless codfish at 6½¢ per lb.

Sell to C. Walburn, on %, 12 boxes Snow Flake Starch at $2 per box, 3 boxes lemons at $2.50 per box, 100 lbs. Rio Coffee at 21¢ per lb.

Receive from Miller & Hartman, on %, check for $150.

Pay C. A. Gambrill Mfg. Co., on %, $200.

A. E. Trader withdraws $5,000 cash, from the business, for the purpose of reducing his investment.

Cash sales, $147.60.

2.

Fred. Baker, salesman, draws $15 for expenses.

Receive from J. B. Friday & Co., in settlement of account, note for $83.81, dated Feb. 1, 19—, due in 60 days.

Sell to William Jackson, on %, 12 doz. cans string beans at 50¢ per doz., 5 boxes prunes at $1.80 per box, 2 boxes figs at $1 per box.

Sell to Robert Jones & Co., on %, 5 bbls., 1,718 lbs., gran. sugar at 5¾¢ per lb., 3 bags, 100 lbs. each, E. L. O. Coffee at 15¢ per lb., 8 cheese, 60 lbs. each, at 12½¢ per lb., 10 doz. cans preserved strawberries at $1.50 per doz.

Sell to Wagner & Johnson, on %, 18 California hams, 144 lbs., at 8¾¢ per lb., 160 gals. cider vinegar at 6¢ per gal., 15 bbls. prime apples at $2.50 per bbl.

Pay John Jones' salary for the week, $8.

Pay James Marshall's salary for the week, $12.

Pay Albert Handley's salary for the week, $15.

Cash sales, $148.30.

4.

Pay store rent for the month, $65.

Sell Boyer & Co., on %, 15 doz. cans Eagle Brand Corn at 75¢ per doz., 20 bbls. Superior Family Four at $4 per bbl.

Sell to McGaw & Co., on %, 8 bbls. oyster crackers at $1.50 per bbl., 12 cases Uneeda Biscuit at $2 per case, 3 bbls., 162 gals., Porto Rico Molasses at 35¢ per gal.

Sell to Jordan Stabler Co., on %, 25 bbls. Gambrill's Best Flour at $4.40 per bbl., 24 doz. cans Enterprise Tomatoes at 75¢ per doz., 5 bags Java and Mocha Coffee, 100 lbs. each, at 30¢ per lb., 60 lbs. Green Tea at 51¢ per lb.

Receive from Baker & Co., on %, bank draft for $625.

Robert West draws for expenses, $15.

Sell C. P. Kreamer, for cash, bill of Mdse. amounting to $67.50.

A. E. Trader draws $40 for private use.

Cash sales, $160.28.

5.

Send note at 30 days to Woolson Spice Co., for $525.

Sell Hayes & Nurff, on %, 25 doz. cans salmon at $1.05 per doz., 24 doz. cans Crawford Peaches at $1.85 per doz., 150 lbs. mackerel at 12¢ per lb.

Sell Maynadier & Co. on %, 25 bbls. prime apples at $2.50 per bbl., 35 bbls., 1,160 gals., Goldenrod Syrup at 32¢ per gal.

Buy from P. D. Armour & Co., on %, 1,246 lbs. ham at 6½¢ per lb.

Receive from L. W. Johnson on %, check for $200.

Draw sight drafts on the following:

Maynadier & Company, $100.00, Frank Reist, $100.00, Hayes & Nurff, $100.00, and Reitz Bros., $100.00, and send them to H. A. Edmondson & Company to apply on account.

Sell Bryant & Clarvoe, on %, 4 bags Rio Coffee, 100 lbs. each, at 21¢ per lb., 6 cases Uneeda Biscuit at $2 per case, 18 doz. cans selected peas at $1.15 per doz.

Charles Saum draws $15 for expenses.

Pay freight on goods, B. &. O. R. R., $3.45.

Pay for postage and stationery, $5.

Cash sales, $163.72.

6.

Sell J. C. Bailey, on %, 12 boxes American Macaroni at $1.50 per box, 6 cheese, 60 lbs. each, at 12½¢ per lb., 150 lbs. Carolina Rice at 4¢ per lb., 50 lbs. Wild Pepper at 18¢ per lb.

Sell Charles Carter, on %, 3 bbls., 162 gals., N. O. Molasses at 32¢ per gal., 5 doz. bottles Choice Pickles at $1 per doz., 3 doz. bottles household ammonia at $1.40 per doz.

Receive from Jordan Stabler Co., on %, bank draft for $350.

Buy from Woolson Spice Co., on %, 100 bags coffee, 100 lbs. each, at 18½¢ per lb.

Sell Frank Reist, on %, 12 bbls., 4,123 lbs. granulated sugar at 5¾¢ per lb., 5 boxes Ivory Soap (large size) at $6 per box.

Fred. Baker draws $25 on his salary.

Sell to J. B. Friday & Co., on %, 12 doz. cans Eagle Brand Corn at 75¢ per doz., 6 cheese, 60 lbs. each, at 12½¢ per lb., 3 boxes ginger snaps, at $1.60 per box, 4 boxes starch, at $2 per box.

Cash sales, $170.15.

7.

Pay for printing letter-heads and bill-heads, $5.

Sell to S. N. Bloom & Co., Hagerstown, Md., on %, 15 bbls. 5,148 lbs., granulated sugar at 5¾¢ per lb., 20 doz. cans peaches at $1.85 per doz., 15 doz. cans salmon at $1.05 per doz., 10 lbs. cloves at 15¢ per lb.

Receive from Otto Tielman & Son, on %, check for $225.

Sell to William Jackson, on %, 12 bbls. Gambrill's Best Flour at $4.40 per bbl., 3 bbls. 1,029 lbs., brown sugar at 5¢ per lb.

Sell to Miller & Hartman, on %, 36 hams, 367 lbs., at 12¢ per lb., 18 Prime cheese, 60 lbs. each, at 12½¢ per lb., 24 doz. cans Enterprise Corn at 75¢ per doz., 12 boxes ginger snaps at $1.60 per box.

Receive from Wagner & Johnson, on %, bank draft for $150.

Sell to Gold Bros., on %, 5 bbls., 1,718 lbs., granulated sugar at 5¾¢ per lb., 2 bags Rio Coffee, 100 lbs. each, at 21¢ per lb., 25 lbs. boneless codfish at 6¼¢ per lb.

Cash sales, $180.65.

8.

Receive from Robert Jones & Co., on %, their note for $234.99, dated Columbus, S. C., Feb. 5, 19—, due 60 days from date.

Pay Woolson Spice Co., on %, $1,000.

Robert West draws $30 on his salary.

Sell to Cooper Bros., on %, 15 bbls., 5,148 lbs., granulated sugar at 5¾¢ per lb., 5 bbls., 265 gals., N. O. Molasses, at 32¢ per gal., 12 bbls. oyster crackers at $1.50 per bbl., 12 boxes ginger snaps at $1.60 per box, 20 cheese, 60 lbs. each, at 12½¢ per lb.

Sell to McGaw & Co., on %, 24 doz. cans string beans at 50¢ per doz., 12 doz. cans Marrowfat Peas at $1.15 per doz.

Sell to L. W. Johnson, on %, 12 hams, 126 lbs., at 12½¢ per lb., 12 sacks ground alum salt at $1.50 per sack, 5 boxes lemons at $2.50 per box.

Draw a draft at thirty days after date on Charles Carter for $200.00, and send same to Woolson Spice Company to apply on account.

Sell to C. Walburn & Co., on %, 15 bbls., 5,150 lbs., granulated sugar, at 5¾¢ per lb., 8 bbls., 325 gals., syrup at 32¢ per gal.

Pay freight on goods, P. R. R., $5.40.

Cash sales, $186.50.

9.

Send check to C. A. Gambrill Mfg. Co., on %, for $44.50.

Buy from J. A. Edmondson & Son, on %, 50 bbls. syrup, 2,675 gals., at 25¢ per gal., 100 bbls. granulated sugar, 34,380 lbs., at 5¼¢ per lb.

Sell to Reitz Bros., on %, 8 cheese, 60 lbs. each, at 12½¢ per lb., 4 bags coffee, 100 lbs. each, at 26¢ per lb., 12 doz. cans Enterprise Tomatoes at 75¢ per doz., 50 lbs. dried peaches at 12¢ per lb.

Receive from Hayes & Nurff, on %, their note for $127, dated Atlanta, Ga., Feb. 6, 19—, due 30 days from date with interest at 6%.

Pay Charles Saum, on salary, $35.

Sell to J. N. Frantz, Hancock, Va., on %, 3 bbls., 162 gals., syrup at 32¢ per gal., 12 bbls. Russet Apples at $2.50 per bbl.

Sell to F. W. Wagner & Co., Raleigh, N. C., on %, 25 bbs., 8,491 lbs., granulated sugar at 5¾¢ per lb., 10 cases Uneeda Biscuit at $2 per case, 25 lbs. raisins at 10¢ per lb.

Pay John Jones his salary for the week, $8.

Pay James Marshall his salary for the week, $12.

Pay Albert Handley his salary for the week, $15.

Cash sales, $188.43.

11.

Buy from Thomas G. Cranwell & Co., on %, 100 doz. cans Eagle Brand corn at 57½¢ per doz., 80 doz. cans Marrowfat Peas at 75¢ per doz., 100 doz. cans Enterprise Tomatoes at 57½¢ per doz.

Sell Baker & Co., on %, 24 doz. cans Enterprise Tomatoes at 75¢ per doz., 2 bbls. mackerel at $18 per bbl., 24 cases Quaker Oats at $2 per case.

Sell to Boyer & Co., on %, 2 bbls. mackerel at $18 per bbl., 5 bbls., 1,728 lbs., granulated sugar at 5¾¢ per lb., 4 bags Java and Mocha Coffee, 100 lbs. each, at 30½¢ per lb.

Receive from Bryant & Clarvoe, on %, check for $150.

Robert West draws, for expenses, $15.

Sell to Jordan Stabler Co., on %, 15 sacks ground alum salt at $1.50 per sack, 24 doz. bottles choice pickles at $1 per doz., 24 doz. bottles olives at $1.85 per doz., 5 boxes California Prunes at $1.80 per box.

Sell to Robert Jones & Co., on %, 12 hams, 126 lbs., at 12½¢ per lb., 3 boxes lemons at $2.50 per box, 12 doz. bottles pepper sauce at 65¢ per doz.

Fred. Baker draws $30 on his salary.

Receive from S. N. Bloom & Co., on %, their note for $350.26, dated Hagerstown, Md., Feb. 9, 19—, at 60 days with interest at 6%.

Cash sales, $192.25.

12.

Send check to Edward L. Palmer & Co., on %, for $1,000.

Buy from John Schoenewolf & Co., on %, 5 bbls., 267 gals., pure cider vinegar at 5¢ per gal.

Sell to Otto Tielman & Son, on %, 10 bbls., 3,435 lbs., granulated sugar at 5¾¢ per lb., 10 cases Quaker Oats at $2.25 per case, 5 boxes crackers at $1.50 per box.

Sell to Wagner & Johnson, on %, 12 bbls., 4,126 lbs., granulated sugar at 5¾¢ per lb., 24 doz. cans Enterprise Tomatoes at 75¢ per doz., 5 sacks Carolina Rice at $2.05 per sack.

The thirty-day draft, which we drew February 8th on Charles Carter in favor of Woolson Spice Company, was returned by the latter along with the statement that Carter had refused to accept. We send Woolson Spice Company a new draft at twenty days' sight on Maynadier & Company for the amount of the returned draft.

Sell to Hayes & Nurff, on %, 24 hams, 250 lbs., at 12½¢ per lb., 5 cases Uneeda Biscuit at $2 per case.

Charles Saum draws for expenses, $15.

Pay freight on goods, P. W. B. R. R., $3.45.

Cash sales, $201.20.

13.

Sell to Charles Carter, Martinsburg, W. Va., on %, 10 boxes Proctor & Gamble's Soap at $2.45 per box; 5 sacks coffee, 100 lbs. each, at 26¢ per lb., 3 boxes figs at $1 per box.

Sell to J. T. Bailey, on %, 12 doz. bottles household ammonia at $1.40 per doz., 18 hams, 189 lbs., at 12½¢ per lb., 8 bbls., 1,546 lbs., granulated sugar, at 5¾¢ per lb.

Sell to Maynadier & Co., on %, 10 bbls. Gambrill's Best Flour at $4.40 per bbl., 8 boxes Ivory Soap (large size) at $6 per box.

Receive from Gold Bros., on %, check for $225.

Albert Handley draws $8 on his salary.

Buy from Schriver, Bentley & Co., on %, 50 bbls., 2,645 gals., syrup at 25¢ per gal.

Sell to E. C. Shull, on %, 10 cases Uneeda Biscuit at $2 per case, 12 cheese, 60 lbs. each, at 12½¢ per lb., 5 boxes California Prunes at $1.80 per box, 6 doz. bottles prime olives at $1.85 per doz.

Sell to Bryant & Clarvoe, on %, 18 bbls. Gambrill's Best Flour at $4.40 per bbl., 8 boxes Ivory Soap at $6 per box.

Pay sight draft of Thomas G. Cranwell & Co., for $175.

Cash sales, $197.67.

14.

Receive from William Jackson, on %, his note for $224.91, dated Baltimore, Md., Feb. 14, 19—, due 90 days from date with 6 % interest.

Buy from Woolson Spice Co., on %, 200 bags coffee, 100 lbs. each, at 18½¢ per lb.

Buy from John Schoenewolf & Co., on %, 50 bbls. syrup, 1,653 gals., at 32¢ per gal., 25 bbls. vinegar, 1,329 gals., at 5¢ per gal.

Sell Gold Bros., on %, 12 bbls. Superior Flour at $4 per bbl., 5 cases Uneeda Biscuit at $2 per case, 12 hams, 125 lbs., at 12½¢ per lb., 10 doz. cans salmon at $1.05 per doz.

Sell to J. B. Friday & Co., on %, 5 bbls., 1720 lbs., granulated sugar at 5¾¢ per lb., 25 lbs. Green Tea at 51¢ per lb., 3 bbls., 160 gals, cider vinegar at 6¢ per gal.

Receive from Gold Bros., on %, check for $142.33.

Pay drayage to date, $12.75.

Pay one year's subscription to the "Baltimore American," $3.

Cash sales, $205.40.

15.

Pay sight draft on us by Schriver, Bentley & Co., for $725.

Buy from National Biscuit Co., on %, 100 cases Uneeda Biscuit at $1.75 per case, 75 boxes crackers at $1.25 per box, 75 boxes ginger snaps at $1.30 per box.

Sell to S. N. Bloom & Co., on %, 12 cheese, 60 lbs. each, at 12½¢ per lb., 5 boxes lemons at $2.50 per box, 100 cocoanuts at $3.24 per 100.

Sell to J. N. Frantz, on % 12 doz. cans Enterprise Tomatoes at 75¢ per doz., 12 doz. Eagle Brand Corn at 75¢ per doz., 10 doz. bottles pepper sauce at 65¢ per doz., 6 boxes crackers at $1.50 per box.

Robert West draws $15 on his salary.

Pay plumber's bill for A. E. Trader, $45.80.

Sell to Charles Diffendall & Co., on %, 10 cases Uneeda Biscuit at $2 per case, 15 bbls. choice apples at $2.50 per bbl., 10 doz. bottles Heinz's Pickles at $1 per doz.

Receive from Reitz Bros., on %, their note for $179, dated Baltimore, Md., Feb. 14, 19—, due 60 days after date.

Sell Cooper Bros., on %, 5 bbls. mackerel at $18 per bbl., 5 bbls. herring at $2 per bbl.

Cash sales, $200.96.

16.

Receive from McGaw & Co., on %, bank draft for $230.

Sell to Baker & Co., on %, 24 doz. cans choice peas at $1.15 per doz., 5 bags coffee, 100 lbs. each, at 26¢ per lb., 60 lbs. Green Tea at 51¢ per lb.

Sell to L. W. Johnson, on %, 5 bbls. Gambrill's Best Flour at $4.40 per bbl.

Sell to C. Walburn & Co., on %, 24 hams, 10½ lbs. each, at 12½¢ per lb., 12 doz. cans Crawford Peaches at $1.85 per doz., 10 bbls. choice apples at $2.50 per bbl., 3 bbls. herring at $2 per bbl.

Buy from John Schoenewolf & Co., on %, 20 bbls. cider vinegar, 1,070 gals., at 5¢ per gal.

Pay freight on goods, B. & O. R. R., $5.65.

Sell to F. W. Wagner & Co., on %, 20 bbls. Superior Flour at $4 per bbl., 12 cheese, 60 lbs. each, at 12½¢ per lb., 10 boxes crackers at $1.50 per box.

Pay salaries, John Jones, $8; John Marshall, $12; Albert Handley, balance on salary, $7.

Cash sales, $198.25.

18.

Sell to Boyer & Co., on %, 18 bbls. Gambrill's Best Flour at $4.40 per bbl., 8 boxes crackers at $1.50 per box, 3 boxes lemons at $2.50 per box, 5 cases Uneeda Biscuit at $2 per case, 2 bbls. pure cider vinegar, 53 and 55 gals., at 5¢ per gal.

Sell to Miller & Hartman, on %, 18 bbls., 6,178 lbs., granulated sugar at 5¾¢ per lb., 12 cases Uneeda Biscuit at $2 per case.

Receive from C. Walburn & Co., on %, check for $500.

Pay to J. A. Edmondson & Son, on %, $550.

Buy from Thomas G. Cranwell, on %, 200 boxes Ivory Soap at $4.50 per box, 100 doz. cans tomatoes at 57½¢ per doz., 100 doz. cans peaches at $1.85 per doz., 100 doz. cans peas at 90¢ per doz.

Buy from C. A. Gambrill Mfg. Co., on %, 100 bbls. Gambrill's Best Flour at $4 per bbl.

Sell to Robert Jones & Co., on %, 24 doz. cans Eagle Brand Corn at 75¢ per doz., 24 doz. cans Enterprise Tomatoes at 75¢ per doz., 12 boxes crackers at $1.50 per box.

Sell to Jordan Stabler Co., on %, 24 doz. cans choice peas at $1.15 per doz., 24 doz. cans Crawford Peaches at $1.85 per doz., 12 bbls. herring at $2 per bbl.

Charles Saum draws $15 on his salary.

Pay drayage to date, $5.25.

Cash sales, $210.

19.

Receive from Cooper Bros., on %, bank draft for $572.45.

Receive from J. C. Bailey, check for his bills of the 6th and 13th instant, less 2% discount on latter.

Sell to Hayes & Nurff, on %, 12 bbls., 4,126 lbs., granulated sugar at 5¾¢ per lb., 18 cheese, 60 lbs. each, at 12½¢ per lb., 5 bbls., 268 gals., syrup at 32¢ per gal., 2 bbls., 52 and 54 gals., vinegar at 6¢ per gal.

Sell Wagner & Johnson, on %, 5 bags Java and Mocha Coffee, 100 lbs. each, at 30¢ per lb., 2 boxes lemons at $2.50 per box.

Receive from Boyer & Co., on %, their note, dated Feb. 19, 19—, for $153.05, due 30 days from date with 6% interest.

Sell to Otto Tielman & Son, on %, 12 cases Uneeda Biscuit at $2 per case, 10 doz. cans Enterprise Tomatoes at 75¢ per doz., 5 doz. bottles household ammonia at $1.40 per doz.

Cash sales, $204.85.

20.

Buy from Williamson Creamery Co., on %, 100 cheese, 60 lbs. each, at 12½¢ per lb.

Pay sight draft for $393.75, drawn on us by the National Biscuit Co.

Sell to Charles Carter, on %, 12 bbls., 4,125 lbs., granulated sugar at 5¾¢ per lb., 10 doz. cans salmon at $1.05 per doz.

Sell to E. C. Shull, Columbia, S. C., on %, 12 hams, 10½ lbs. each, at 12½¢ per lb., 5 boxes crackers at $1.50 per box.

Receive from Maynadier & Co., on %, check for $113.70.

Sell to William Jackson, on %, 10 doz. cans Enterprise Tomatoes at 75¢ per doz., 5 boxes lemons at $2.50 per box, 3 bags Rio Coffee, 100 lbs. each, at 21¢ per lb.

Sell to Bryant & Clarvoe, on %, 12 doz. cans Crawford Peaches at $1.85 per doz., 20 bu. potatoes at 60¢ per bu., 5 cans refined lard, 50 lbs. each, at 9½¢ per lb.

Sell to Reitz Bros., on %, 8 boxes crackers at $1.50 per box, 6 boxes ginger snaps at $1.60 per box.

Cash sales, $198.15.

21.

Sell to Gold Bros., on %, 24 doz. cans Eagle Brand Tomatoes at 75¢ per doz., 12 cheese, 60 lbs. each, at 12½¢ per lb., 12 doz. cans preserved strawberries at $1.50 per doz.

Sell to J. N. Frantz, on %, 18 hams, 10½ lbs. each, at 12½¢ per lb., 5 boxes Proctor & Gamble's Soap at $2.45 per box.

Pay sight draft drawn on us by Woolson Spice Co., for $785.

Receive from Charles Carter, on %, check for $61.04.

Buy from P. D. Armour & Co., on %, 75 hams, 790 lbs., at 6½¢ per lb.

Sell to J. B. Friday & Co., on %, 3 bags coffee, 100 lbs. each, at 26¢ per lb., 5 boxes Ivory Soap at $6 per box, 6 boxes lemons at $2.50 per box.

Sell to F. W. Wagner & Co., on %, 24 doz. cans choice peas at $1.15 per doz., 6 boxes Proctor & Gamble's Soap at $2.45 per box, 3 bbls., 54, 55, and 53 gals., syrup at 32¢ per gal., 5 bbls. brown sugar, 1,720 lbs., at 5¢ per lb.

Cash sales, $203.44.

22.

Receive from Miller & Hartman, on %, check for $565.

Robert West draws, for expenses, $15.

Pay freight on goods, B. & O. R. R., $4.75.

Sell to L. W. Johnson, on %, 10 doz. cans salmon at $1.05 per doz., 3 bbls. mackerel at $18 per bbl., 15 bbls. choice apples at $2.50 per bbl.

Sell to Baker & Co., on %, 30 doz. cans Eagle Brand Corn at 75¢ per doz., 24 doz. cans Crawford Peaches, at $1.85 per doz.

Receive from Jordan Stabler Co., on %, check for $99.90 for bill of the 9th instant.

Sell to McGaw & Co., on %, 3 bbls., 160 gals. cider vinegar at 6¢ per gal., 5 boxes ginger snaps at $1.60 per box, 3 bbls. herring at $2 per bbl.

Sell to Maynadier & Co., on %, 8 bbls. Superior Family Flour at $4 per bbl., 3 bbls. crackers at $1.50 per bbl., 4 bags coffee, 100 lbs. each, at 26¢ per lb.

_____ draws $75 for private use.
(Student's name)

Cash sales, $210.60.

23.

Sell to S. N. Bloom & Co., on %, 8 bags Rio Coffee, 100 lbs. each, at 21¢ per lb., 5 bbls. crackers at $1.50 per bbl., 10 cases Uneeda Biscuit at $2 per case, 3 boxes figs at $1 per box.

Receive from E. C. Shull, on %, note for $153.35, dated Columbia, S. C., Feb. 22, 19—, due 6 months after date.

Sell to Jordan Stabler Co., on %, 15 bbls. Superior Family Flour at $4 per bbl., 20 bbls., 6,873 lbs. granulated sugar at 5¾¢ per lb.

Sell to C. Walburn & Co., on %, 24 doz. cans Enterprise Tomatoes at 75¢ per doz., 8 boxes Proctor & Gamble's Soap at $2.45 per box, 100 cocoanuts at $3.25 per 100, 5 boxes crackers at $1.50 per box.

Sell to Miller & Hartman, on %, 24 doz. cans Enterprise Tomatoes at 75¢ per doz., 25 sacks ground alum salt at $1.50 per sack, 12 boxes Ivory Soap at $6 per box.

Buy from Schriver, Bentley & Co., on %, 75 bbls., 3,975 gals. syrup at 25¢ per gal.

Buy from Thomas G. Cranwell & Co., on %, 100 doz. cans Enterprise Tomatoes at 75¢ per doz.

Pay John Jones week's salary, $8.

Pay James Marshall week's salary, $12.

Pay Albert Handley week's salary, $15.

Cash sales, $209.15.

25.

Pay draft of C. A. Gambrill Mfg. Co., for bill of 18th instant less discount, $392.

Receive from Jordan Stabler Co., on %, check for $446.10 for bill of the 23rd. instant less 2%.

Sell to Robert Jones & Co., on %, 5 bbls., 265 gals., syrup at 32¢ per gal., 25 sacks fine salt at $1.50 per sack, 5 boxes ginger snaps at $1.60 per box.

Sell Otto Tielman & Son, on %, 12 boxes Ivory Soap at $6 per box, 24 hams, 10½ lbs. each, at 12½¢ per lb.

Receive from Baker & Co., on %, check for $453.78.

Pay drayage on goods to date, $3.75.

Sell to Cooper Bros., on %, 100 sacks fine salt at $1.50 per sack, 20 boxes Proctor & Gamble's Soap at $2.45 per box, 15 bbls., 5,146 lbs., brown sugar at 5¢ per lb., 24 hams, 10½ lbs. each, at 12½¢ per lb., 12 boxes ginger snaps at $1.60 per box.

Pay Fred Baker $30 for expenses.

Sell to C. P. Kreamer for cash, 36 hams, 10½ lbs. each, at 12½¢ per lb., 8 bbls. herring at $2 per bbl.

Pay 6 months' house rent for A. E. Trader, $375.

Cash sales, $216.30.

26.

Send note at 60 days with interest at 6% to Schriver, Bentley & Co., for $1,000 to be applied on account.

Sell to Charles Diffendall & Co., on %, 24 doz. cans Enterprise Tomatoes at 75¢ per doz., 15 bbls., 5,165 lbs., granulated sugar, at 5¾¢ per lb.

Receive from F. W. Wagner & Co., their note for $875.87 in full of account, dated Raleigh, N. C., Feb. 24, 19—, due 90 days from date.

Sell to Wagner & Johnson, on %, 24 doz. Eagle Brand Corn at 75¢ per doz., 100 cocoanuts at $3.25 per 100, 12 boxes crackers at $1.50 per box, 10 boxes ginger snaps at $1.60 per box.

Sell to Hayes & Nurff, on %, 24 doz. cans Enterprise Tomatoes at 75¢ per doz., 6 boxes starch at $2 per box, 10 boxes Ivory Soap at $6 per box.

Receive from S. N. Bloom, on %, check for $225.

Charles Saum draws $15 for expenses.

Sell Reitz Bros. on %, 15 bbls. Superior Family Flour at $4 per bbl., 12 cases Uneeda Biscuit at $2 per case, 6 boxes lemons at $2.50 per box.

The thirty-day draft of the 24th ultimo on Gold Brothers in favor of P. D. Armour for $50.00, not being paid when due, was protested for non-payment. We settled the matter with the payee by giving him a sight draft for $51 drawn upon Robert Jones. The $51 covers the draft on Gold Brothers and the protest fees.

Cash Sales, $212.67.

27.

Sell to Bryant & Clarvoe, on %, 18 cheese, 60 lbs. each, at 12½¢ per lb., 12 boxes crackers at $1.50 per box, 3 bbls. pure cider vinegar, 53, 55, and 52 gals., at 6¢ per gal., 3 bbls., 160 gals., syrup at 32¢ per gal.

Sell to Boyer & Co., on %, 24 doz. cans Enterprise Tomatoes at 75¢ per doz., 3 bbls. N.O. Molasses, 160 gals., at 32¢ per gal., 6 boxes Proctor & Gamble's Soap at $2.45 per box.

Receive from L. W. Johnson, on %, note for $170.25 for bills of 8th, 16th and 22nd instant, dated Baltimore, Md., Feb. 27th, 19—, due 60 days after date.

Buy from Woolson Spice Co., on %, 100 bbls., 34,351 lbs., granulated sugar at 5¼¢ per lb.

Send check for $1,000 to Woolson Spice Co., to apply on account.

Sell to J. T. Bailey, on %, 24 hams, 10½ lbs. each, at 12½¢ per lb., 12 cases Uneeda biscuit at $2 per case, 2 bbls., 110 gals., pure cider vinegar at 6¢ per gal., 6 cheese, 60 lbs. each, at 12½¢ per lb.

Sell to William Jackson, on %, 6 bbls., 2,058 lbs., granulated sugar at 5¾¢ per lb., 8 doz. cans Eagle Brand Corn at 75¢ per doz., 100 cocoanuts at $3.25 per 100, 6 doz. cans salmon at $1.15 per doz.

Cash sales, $204.36.

28.

Receive from J. N. Frantz, bank draft for $151.22 in full of %.

Pay Fred. Baker on salary for month, $20.

Pay Robert West balance on salary, $25.

Pay Charles Saum balance due on salary for month, $15.

Sell to McGaw & Co., on %, 10 doz. cans Enterprise Tomatoes at 75¢ per doz., 3 cheese 60 lbs. each, at 12½¢ per lb., 12 hams, 126 lbs., at 12½¢ per lb., 5 cases Quaker Oats at $2.25 per case.

Receive from J. B. Friday & Co., on %, $188.05 for bills of 6th and 14th instant.

Receive from Wagner & Johnson, on %, check for $265.50 for bill of the 12th instant.

Sell to Gold Bros., on %, 10 bbls. apples at $2.50 per bbl., 1 bbl. cider vinegar, 53 gals., at 6¢ per gal.

Sell to Maynadier & Co., on %, 12 doz. cans corn at 75¢ per doz., 8 doz. cans Crawford Peaches at $1.85 per doz., 2 bbls. herring at $2 per bbl., 3 boxes lemons at $2.50 per box.

Pay drayage to date, $5.35.

Cash sales, $210.30.

Credit each of the traveling salesmen and each of the partners for their salaries.

Credit partners for interest on investment.

The books are now to be closed.

Inventories are as follows:

Merchandise	$15,908.25
Store and Office Fixtures	825.00

198. Compute the interest to date on all notes payable which bear interest. Use this as a liability inventory on Interest account. Then compute the interest to date on all notes receivable, which bear interest, and use this amount as a resource inventory on the same account. Make a list of these notes from the Bill Book, showing the amount of interest which has accrued on each, and present the list to the teacher.

WRITTEN TEST NO. 15.

1. Why are accounts equated?
2. Does either party gain or lose by equating? Why?
3. Why do you subdivide Mdse. and Expense?
4. Into what account are the subdivisions under Mdse. closed?
5. How should unexpired insurance be considered, as to resource, or liability?
6. What is accrued interest? How handled at the time of closing the books?
7. When and why is an account opened for employes? When debited and when credited?
8. What is the difference between salaries and wages?
9. What is a Pay Roll? Time Book?
10. What is a cash discount? When allowed? What are the entries?
11. Define a bank draft and explain its use.
12. To whose order should a bank draft be made? How should it be endorsed when it is to be mailed to another place?
13. Explain the use of the Bill Book.
14. What do you gain by using a Sales Book and special columns in the Cash Book? Explain.
15. Does the nature of the business regulate the number of special columns in the Cash Book? Explain.
16. Why is no entry made in the Journal when a deposit is made in bank?
17. How is cash taken from the bank to pay the running expenses of the business?
18. To whose order is the check made payable?
19. When it is necessary to draw a check upon the bank for private use, to whose order is it made payable?
20. What special care should be taken in filling out a check and what is the consequence of carelessness in this respect in case the check is raised?

Set 8.

WHOLESALE GROCERY BUSINESS—CONTINUED.

MARCH 1, 19—.

Use a Four Column Journal in the following set. The account with the Bank, which has been kept in the Ledger in Set 7, will no longer be used, the account with the bank being kept on the back of the Check Book stubs. Make an entry in the Cash Book charging cash and crediting the Bank. This entry when posted will close out that account. Make out all out-going papers as usual.

Buy from C. A. Gambrill Mfg. Co., on %, 100 bbls. Gambrill's Best Flour at $4 per bbl., 75 bbls. Superior Family Flour at $3.75 per bbl.

Buy from Thos. G. Cranwell & Co., on %, 100 doz. cans Eagle Brand Corn at 57¢ per doz., 100 doz. cans Eagle Brand Tomatoes at 57¢ per doz., 75 doz. cans Marrowfat Peas at 90¢ per doz.

Sell to J. B. Friday & Co., on %, 24 doz. cans Enterprise Tomatoes at 75¢ per doz., 3 bbls., 162 gals., syrup at 32¢ per gal.

Sell to Gold Bros., on %, 12 bbls. Gambrill's Best Flour at $4.40 per bbl., 10 boxes Pearline at $3.75 per box., 12 doz. boxes gelatine at $1.60 per doz.

Receive from S. N. Bloom & Co., on %, check for $79.24.

Sell to Chas. Carter, on %, 12 doz. bottles Whittemer's Shoe Polish at $2 per doz., 2 cases Rumford Baking Powder at $2.70 per case, 2 cases Banner Lye at $4.25 case, 2 boxes Soapine at $3.75 per box.

Sell to C. P. Kreamer, for cash, 10 lbs. Oolong Tea at 50¢ per lb., 2 boxes washing soda at $3.50 per box.

Pay gas bill for month, $5.25.

Cash sales, $195.40.

_____ draws $150 for private use.
(Student's name)

2.

Send check to Woolson Spice Co., for bill of the 27th ult. less 2% discount.

Buy from Schriver, Bentley & Co., on %, 50 cases Banner Lye at $2.40 per case, 75 doz. cans salmon at 90¢ per doz.

Sell to J. N. Frantz, on %, 3 cases Hawk Eye Oats at $2.25 per case, 3 boxes Ivory Soap at $6 per box, 5 bags E. B. C. Coffee, 100 lbs. each, at 15¢ per lb.

Sell to Baker & Co., on %, 10 boxes Procter & Gamble's Soap at $2.45 per box, 8 bags coffee, 100 lbs. each, at 15¢ per lb., 18 cheese, 60 lbs. each, at 12½¢ per lb.

Sell L. W. Johnson, on %, 12 doz. cans Enterprise Tomatoes at 75¢ per doz., 10 doz. cans cherries at $1.25 per doz., 30 doz. cans mushrooms at $2.70 per doz., 12 doz. cans Bartlett pears at $1.10 per doz.

Pay salaries for week as follows: John Jones, $10; James Marshall, $12; Albert Handley, $15.

Cash sales, $193.30.

4.

Buy store building and fixtures, $9,500, paying $3,000 cash, remainder by note due two years from date with 6% interest.

Pay freight on goods, B. &. O. R. R., $5.45.

Sell to E. C. Shull, on %, 5 cases Quaker Oats at $2.25 per case, 6 bbls., 2,058 lbs., granulated sugar at 5¼¢ per lb.

Buy of Edward L. Palmer & Co., on %, 100 bbls., 34,512 lbs., granulated sugar at 5¼¢ per lb.

Receive from Jordan Stabler Co., check for $77.39 in full of account.

Sell to Frank Reist, on %, 12 doz. cans Eagle Brand Corn at 75¢ per doz., 100 cocoanuts at $3.25 per 100, 5 boxes Pearline at $3.75 per box.

Sell to Miller & Hartmann on %, 25 bbls. Superior Family Flour at $4 per bbl., 3 sacks rice, 240 lbs. each, 5¼¢ per lb., 8 boxes Soapine at $3.75 per box, 3 boxes Procter & Gamble's Soap at $2.45 per box.

Cash sales, $201.17.

5.

Fred. Baker draws $15 for expenses.

Pay for bill-heads and letter-heads, $5.50.

Buy from C. A. Gambrill Mfg. Co., on %, 75 bbls. Superior Family Flour at $3.75 per bbl.

Sell to Robt. Jones & Co., on %, 24 bags Java Coffee, 100 lbs. each, at 30½¢ per lb., 4 cases Quaker Oats at $2.25 per case, 12 doz. cans Bartlett pears at $1.70 per doz.

Sell to Otto Tielman & Son, on %, 3 bbls., 161 gals., vinegar at 6¢ per gal., 54 bbls., 268 gals. syrup at 32¢ per gal.

Pay to J. W. Lyons for repairs to store room, $345.25.

Sell to Cooper Bros., on %, 25 bbls., 8,530 lbs., granulated sugar at 5¾¢ per lb., 200 cocoanuts at $3.25 per 100, 24 doz. cans Enterprise Corn at 75¢ per doz., 12 doz. cans Bartlett pears at $1.70 per doz.

Sell to C. Walburn & Co., on %, 12 bbls. Gambrill's Best Flour at $4.40 per bbl., 3 boxes washing soda at $3.75, 10 doz. cans cherries (white) at $2.50 per doz.

Albert Handley draws $6 on his salary.

Send check for $101 to Thos. G. Cranwell & Co., to pay our note of $100 and interest on same.

Cash sales, $205.75.

6.

Sell to James Barbour & Son, Washington, D. C., 25 bbls. Superior Family Flour at $4.00 per bbl., 3 sacks rice at $2.05 per sack, 5 bbls., 267 gals., syrup, at 32¢ per gal.

Receive from Baker & Co., check for bill of the 2nd instant less 2% discount.

Pay Edward L. Palmer & Co., on %, $287.05.

Sell to Reitz Bros., on %, 6 cheese, 60 lbs. each, at 12½¢ per lb., 5 cases Banner Lye at $4.25 per case, 6 doz. bottles French Shoe Polish at 85¢ per doz.

Sell to Wagner & Johnson, on %, 6 bbls., 320 gals., syrup at 32¢ per gal., 3 bbls. mackerel at $18 per bbl., 12 doz. cans white cherries at $2.50 per doz., 12 doz. cans Bartlett Pears at $1.70 per doz.

Charles Saum draws $25 on salary.

Send check to Williamson Creamery Co., on %, for $750 for bill of Feb. 19th.

Sell to Hayes & Nurff, on %, 3 bbls. herring at $2 per bbl., 6 doz. boxes gelatine at $1.60 per doz., 2 doz. Extract Vanilla at $2 per doz.

Receive from Hayes & Nurff, on %, check for $505.62.

Sell for cash to J. B. Barrett, 12 hams, 126 lbs., at 12½¢ per lb., 5 bbls., 1,720 lbs., granulated sugar at 5¾¢ per lb.

Send note to Edward L. Palmer & Co., for $1,811.88 due in 60 days.

Cash sales, $212.15.

7.

Send check to Woolson Spice Co., for $525 for our note of Feb. 5th.

Receive from Charles Diffendall & Co., on %, their note for $382.49, dated Frederick, Md., March 6th, 19—, due 6 months after date with 6% interest.

Pay sight draft of Schriver, Bentley & Co., for $1,340.28.

Sell to F. W. Wagner & Co., on %, 24 hams, 10½ lbs. each, at 12½¢ per lb., 15 bbls. apples at $2.50 per bbl., 3 cases Quaker Oats at $2.25 per case, 5 bags coffee, 100 lbs. each, at 26¢ per lb.

Sell to J. T. Bailey, on %, 24 doz. cans Enterprise Tomatoes at 75¢ per doz., 2 cases Baking Powder at 1.80 per case, 10 lbs. Tameric at 15¢ per lb., 2 cases Red Seal Lye at $4 per case.

Sell to Bryant & Clarvoe, on %, 12 bbls. Superior Family Flour at $4 per bbl., 5 boxes ginger snaps at $1.60 per box, 3 sacks Carolina Rice at $2.05 per sack.

Robert West draws $15 for expenses.

Pay sight draft of National Biscuit Co., for $366.25.

Cash sales, $205.09.

8.

Pay P. D. Armour & Co., on %, $364.10.

Sell to Boyer & Co., on %, 15 bbls. Gambrill's Best Flour at $4.40 per bbl., 12 doz. cans Bartlett Pears at $1.70 per doz., 10 doz. cans mushrooms at $2.70 per doz.

Sell to John A. Gable, Williamsport, Pa., on %, 24 hams, 10½ lbs. each, at 12½¢ per lb., 12 cheese, 50 lbs. each, at 12½¢ per lb., 12 doz. cans Enterprise Tomatoes at 75¢ per doz., 8 doz. cans white cherries at $2.50 per doz., 10 doz. cans choice peas at $1.05 per doz.

Receive from William Jackson, check for $104.25 in payment of bill of Feb. 5th.

Buy from National Biscuit Co., on %, 100 boxes crackers at $1.25 per box, 100 boxes ginger wafers at $1.35 per box.

Sell to Maynadier & Co., on %, 2 cases Red Seal Lye at $4 per case, 50 lbs. Oolong Tea at 60¢ per lb., 4 boxes Soapine at $3.75 per box.

Receive from Hayes & Nurff their check for $127.64 in payment of their note of Feb. 6th, and interest on same.

Cash sales, $215.45.

9.

Sell to S. N. Bloom & Co., on %, 5 bbls., 265 gals., syrup at 32¢ per gal., 8 bbls. brown sugar 2,745 lbs., at 5¢ per lb.

Sell to Charles Carter, on %, 24 hams, 252 lbs., at 12½¢ per lb., 6 cheese, 60 lbs. each, at 12½¢ per lb., 20 bbls. Superior Family Flour at $4 per bbl.

Pay sight draft of Schriver, Bentley & Co., for $187.50 for bill of the 2nd instant.

Sell McGaw & Co., on %, 5 bbls., 1,718 lbs., granulated sugar at 5¾¢ per lb., 2 cases Baking Powder at $1.70 per case, 4 doz. Brown's Shoe Polish at 85¢ per doz.

Sell to Jordan Stabler Co., on %, 24 doz. cans Eagle Brand Corn at 75¢ per doz., 24 doz. cans Crawford Peaches at $1.85 per doz.

Receive from Frank Reist, his note for $402.32, dated York, Pa., March 8th, 19—, due 60 days from date.

Char es Saum draws $15 for expenses.

Robert West draws on salary, $25.

Pay John Jones his salary, $10.

Pay James Marshall, his salary, $12.

Pay Albert Handley his salary (balance), $9.

Pay drayage to date, $3.75.

Cash sales, $210.80.

11.

Buy from Woolson Spice Co., on %, 500 lbs. tea at 35¢ per lb.

Buy from J. A. Edmondson & Son, on %, 100 bbls, syrup at $13.50 per bbl., 100 bbls. molasses at $13.40 per bbl.

Pay C. A. Gambrill Mfg. Co., for bill of 1st instant less 2% discount.

Sell to J. B. Friday & Co., on %, 3 cases Banner Lye at $4.25 per case, 20 bbls. Best Family Flour $4.40 per bbl., 10 doz. cans salmon at $1.15 per doz.

Sell to Gold Bros., on %, 3 bbls., 53, 51, 55 gals., molasses at 32¢ per gal., 5 boxes figs at$1.00 per box, 12 California Hams, 120 lbs., at 8¾¢ per lb.

Sell to L. W. Johnson, on %, 3 cases Red Seal Lye at $4 per case, 5 cases Quaker Oats at $2.24 per case, 10 doz. cans No. 2 peaches at 90¢ per doz.

Receive from Bryant & Clarvoe, check for $243.90 in payment of bills of Feb. 5th and 13th

Pay for automobile for A. E. Trader, $250.

Cash sales, $205.35.

12.

Receive from Otto Tielman on %, bank draft for $350.

Fred. Baker draws $15 for expenses.

Sell to J. N. Frantz, on %, 5 boxes Grandpa's Soap at $4 per box, 5 doz. cans peas at $1.15 per doz., 5 doz. cans Bartlett pears at $1.70 per doz.

Pay freight on goods, P. R. R., $4.25.

Pay for store improvements, $25.

A. E. Trader draws for personal use, $100.

Sell to C. P. Kreamer for cash, 18 doz. cans salmon at $1.15 per doz., 3 bags coffee, 100 lbs. each, at 26¢ per lb., 2 bbls. herring at $2 per bbl.

Sell to Miller & Hartman, on %, 10 bbls., 3,435 lbs., granulated sugar at 5¾¢ per lb., 10 boxes oranges at $3.25 per box, 5 bags coffee, 100 lbs. each, at 26¢ per lb.

Sell to Baker & Co., on %, 20 bbls., 6,871 bls., granulated sugar at 5¾¢ per lb., 24 hams, 10½ lbs. each, at 12½¢ per lb.

Receive from C. Walburn & Co., their note for bill of Feb. 8th, $400.13, dated Charleston, S. C., March 11th, 19—, due 90 days from date.

Cash sales, $216.47.

13.

Sell to E. C. Shull, on %, 5 boxes Soapine at $3.75 per box, 12 doz. cans Enterprise Tomatoes at 75¢ per doz.

Sell to Charles Diffendall & Co., on %, 24 hams, 10½ lbs. each, at 12½¢ per lb., 20 bbls. Best Family Flour at $4.40 per bbl.

John Jones draws $5 on his salary.

Buy from Thomas G. Cranwell & Co., on %, 50 doz. bottles choice pickles at 50¢ per doz.

Receive from Bryant & Clarvoe, check for $271.75 for bills of Feb. 19th and 27th.

Sell to Cooper Bros., on %, 5 boxes Pearline at $3.75 per box, 10 cases Uneeda Biscuit at $2 per case, 12 boxes crackers at $1.50 per box.

Sell to Wagner & Johnson, on %, 3 cases Quaker Oats at $2.25 per case, 5 cases Uneeda Biscuit at $2 per case, 4 boxes Tar Soap at $4 per box, 3 cases Rumford Baking Powder, at $2.70 per case.

Buy from P. D. Armour, on %, 100 hams, 1,150 lbs., at 6½¢ per lb.

Cash sales, $205.18.

14.

Charles Saum draws $15 for expenses.

Pay draft of J. A. Edmondson & Son for $2,645.60.

Sell to Hayes & Nurff, on %, 25 bbls. Best Family Flour at $4.40 per bbl., 10 doz. cans Bartlett Pears at $1.70 per doz.

Sell to Robert Jones & Co., on %, 5 bbls., 1,725 lbs., granulated sugar at 5¾¢ per lb., 12 hams, 136 lbs., at 12½¢ per lb., 12 doz. cans Enterprise Tomatoes at 75¢ per doz., 25 lbs. raisins at 10¢ per lb.

Sell to Reitz Bros., on %, 5 boxes crackers at $1.50 per box, 5 doz. bottles catsup at $2 per doz., 10 lbs. ginger at 18¢ per lb., 15 lbs. black pepper at 12¢ per lb.

Buy from John Schoenewolf & Co., on %, 50 bbls. cider vinegar at $2.67 per bbl.

Sell to Otto Tielman & Son, on %, 15 bbls granulated sugar, 5,145 lbs., at 5¾¢ per lb., 5 doz. bottles mustard at $1.50 per doz., 2 boxes lemons at $2.50 per box.

Cash sales, $209.85.

15.

Receive from Miller & Hartman, on %, note for $360.01, due in 30 days with interest at 6% for bill of the 12th instant.

Receive from Gold Bros. on %, check for $375.

Sell to J. T. Bailey, on %, 12 bbls. Best Family Flour at $4.40 per bbl., 12 doz. cans Eagle Brand Corn at 75¢ per doz., 10 lbs. whole pepper at 6½¢ per lb.

Sell to William Jackson, on %, 3 boxes Ivory Soap at $6 per box, 3 boxes Pearline at $3.75 per box, 10 bbls. Superior Family Flour at $4 per bbl., 12 doz. cans Marrowfat Peas at $1.15 per doz.

Sell F. W. Wagner & Co., on %, 5 boxes Pearline at $3.75 per box, 5 cases Baking Powder at $1.80 per case.

Sell to Maynadier & Co., on %, 12 bbls. Superior Family Flour at $4 per bbl., 3 cases Baking Powder at $1.80 per case, 12 doz. cans Crawford Peaches at $1.85 per doz., 3 boxes oranges at $3.50 per box.

Albert Handley draws $8 on his salary.

Cash sales, $210.05.

16.

Pay freight on goods, B. & O. R. R., $5.25.

Sell to McGaw & Co., on %, 25 bbls. Gambrill's Best Flour at $4.40 per bbl., 25 lbs. Raisins at 10¢ per lb., 24 hams, 276 lbs., at 12½¢ per lb., 5 bbls., 1,725 lbs., sugar at 5½¢ per lb., 3 sacks Carolina Rice at $2.05 per sack.

Sell to Boyer & Co., on %, 5 cases Red Seal Lye at $4 per case, 6 boxes Gold Dust at $4.25 per box, 50 lbs. Imperial Tea at 50¢ per lb., 3 cases Baking Powder at $1.80 per case.

Receive from L. W. Johnson, on %, check for $124.

Sell to Charles Carter, on %, 12 bbls. Superior Family Flour at $4 per bbl., 12 doz. cans Enterprise Tomatoes at 75¢ per doz., 8 doz. cans Salmon at $1.15 per doz.

Pay John Jones balance on salary, $5.

Pay salaries, James Marshall, $12 Albert Handley, balance on salary $7.

Pay for hauling, $8.35.

Cash sales, $215.

18.

Sell James Barbour & Son, on %, 3 bbls., 1,030 lbs., granulated sugar at 5¾¢ per lb., 12 doz. cans Enterprise Tomatoes at 75¢ per doz., 3 boxes lemons at $2.50 per box.

Sell Jordan Stabler Co., on %, 20 bbls. Best Family Flour at $4.40 per bbl., 5 casesBaking powder at $1.80 per case, 5 cases Red Seal Lye at $4 per case,, 4 cases Gold Dust Soap Powder at $4.25 per case.

Buy from Williamson Creamery Co., on %, 50 cheese, 60 lbs. each, at 8½¢ per lb.

Send John Schoenewolf & Co., on %, note at 60 days for $597.01.

Receive from John A. Gable, a note for $139.60 for bill of the 8th instant, dated Williamsport, Md., May 17th, due 60 days after date.

Fred. Baker draws $30 on his salary.

Sell to C. Walburn & Co., on %, 5 bbls., 1,030 lbs., granulated sugar at 5¾¢ per lb., 12 doz. bottles catsup at $2 per doz., 2 boxes oranges at $3.50 per box.

Cash sales, $212.50.

Pay our note in favor of the Gambrill Mfg. Co. due to-day.

19.

Robert West draws $15 for expenses.

Receive from Boyer & Co., on %, check for $257.36 for bill of Feb. 9th.

Sell to Bryant & Clarvoe, on %, 10 bbls. granulated sugar, 3,445 lbs., at 5¾¢ per lb., 5 cases Red Seal Lye at $4 per case, 50 lbs. raisins at 10¢ per lb., 5 boxes Proctor & Gamble's Soap at $2.45 per box, 3 cases Pearline at $3.75 per case.

Receive from J. B. Friday, on %, bank draft for $192.84 for bills of Feb. 21st. and Mar. 1st.

Sell to S. N. Bloom & Co., on %, 8 boxes Ivory Soap at $6 per box, 6 cases Pearline at $3.75 per case, 3 bbls., 345, 342, 343 lbs., granulated sugar at 5¾¢ per lb., 18 boxes crackers at $1.50 per box.

Sell to Frank Reist, on %, 18 bbls. Superior Family Flour at $4 per bbl., 12 cheese, 60 lbs. each, at 12½¢ per lb., 15 bbls. Baldwin Apples at $2.50 per bbl., 10 cases Red Seal Lye at $3.75 per case.

Sell to L. W. Johnson, on %, 15 bbls. Gambrill's Best Flour at $4.40 per bbl., 12 doz. cans Eagle Brand Corn at 75¢ per doz., 3 sacks Carolina Rice at $2.05 per sack.

Receive from Wagner & Johnson, on %, bank draft for $214.70 for bills of Feb. 2nd and 19th.

Cash sales, $218.78.

20.

Buy from Edward L. Palmer & Co., on %, 25 boxes lemons at $2.25 per box, 100 lbs. raisins at 7¢ per lb., 50 doz. bottles catsup at $1.60 per doz.

Buy from Woolson Spice Co., on %, 50 bags coffee, 100 lbs. each, at 18¢ per lb., 50 bbls., 17,185 lbs., granulated sugar at 5¼¢ per lb.

Sell to Baker & Co., on %, 8 cases Red Seal Lye at $3 75 per case, 6 bbls., 318 gals., syrup at 32¢ per gal., 10 cases Baking Powder at $1.80 per case.

Sell to Gray & Straight, for cash, 12 doz. cans Enterprise Tomatoes at 75¢ per doz., 3 bbls., 160 gals., syrup at 32¢ per gal., 1 case Red Seal Lye at $4 per case, 1 case Pearline, $3.75.

Receive from James Barbour & Son, on %, check for $185.34.

Sell to Cooper Bros., on %, 10 boxes ginger snaps at $1.60 per box, 12 cases Quaker Oats at $2.25 per case.

Sell to E. C. Shull, on %, 5 bbls. Syrup, 265 gals., at 32¢ per gal.

Pay drayage on goods, $3.45.

Cash sales, $216.40.

21.

Send note at 45 days with interest to Thomas G. Cranwell & Co., for $1,232.50 for bill of Feb. 18th.

Sell to John A. Gable, on %, 24 doz. cans Enterprise Tomatoes at 75¢ per doz., 12 doz. cans peas at $1.15 per doz., 6 boxes crackers at $1.50 per box, 50 lbs. California Evaporated Peaches at 12¢ per lb., 3 cases Quaker Oats at $2.25 per case.

Sell to Robert Jones & Co., on %, 8 cases Uneeda Biscuit at $2.25 per case, 100 lbs. California Evaporated Peaches at 12¢ per lb., 5 boxes lemons at $2.50 per box, 100 cocoanuts at $3.25 per 100.

Receive from Robert Jones & Co., check for $215.35 for three unpaid bills in February.

Receive from Boyer & Co., their check for their note of Feb. 19th, and interest on same.

22.

Sell to Reitz Bros., on %, 15 bbls. Gambrill's Best Flour at $4.40 per bbl., 8 bbls., 2,745 lbs., granulated sugar at 5¾¢ per lb.

Receive from McGaw & Co., on %, check for $235.

Sell to J. N. Frantz, on %, 6 cheese, 60 lbs. each, at 12½¢ per lb., 10 sacks salt at $1.50 per sack, 12 bbls. apples at $2.50 per bbl.

Sell to J. T. Bailey, on %, 1 bag peanuts, 99 lbs., at 3½¢ per lb., 1 bag coffee, 110 lbs., at 23¢ per lb., 2 boxes lemons at $2.50 per box, 55 gals. Porto Rico Molasses at 35¢ per gal., 53 gals. kerosene at 8¢ per gal., 56 lbs. lima beans at 7¢ per lb.

Receive from Charles Carter, on %, bank draft for $247.69 for bill of Feb. 19th.

Sell to Hayes & Nurff, on %, 6 boxes Ivory Soap at $6 per box, 25 lbs. whole pepper at 6½¢ per lb., 10 cans lard, 50 lbs. each, at 9¢ per lb., 25 green shoulders, 125 lbs., at 8½¢ per lb.

Sell to Gold Bros., on %, 5 bbls., 1,725 lbs., granulated sugar at 5¾¢ per lb., 5 bbls. apples at $2.50 per bbl.

Cash sales, $210.25.

23.

Send Check to Woolson Spice Co., for bill of the 20th less 2% discount.

Receive from E. C. Shull, on %, his note for $157.34, dated Columbia, S. C., March 31st, 19—, due 60 days after date.

Sell Maynadier & Co., on %, 5 bbls. syrup, 265 gals., at 32¢ per gal., 100 lbs. loaf sugar at 6¼¢ per lb., 25 hams, 283 lbs., at 12½¢ per lb.

Sell to Otto Tielman & Son, on %, 24 doz. cans Enterprise Corn at 75¢ per doz., 10 cases Uneeda Biscuit at $2 per case, 8 boxes Ivory Soap at $6 per box, 2 bags Santos Coffee, 110 lbs. each, at 25¢ per lb.

Buy from Schriver, Bentley & Co., on %, 50 boxes Ivory Soap at $4.75 per box, 40 boxes Pearline at $3 per box.

Pay salaries as follows: John Jones, $10, James Marshall, $12, Albert Handley, $15.

Cash sales, $213.45.

25.

Charles Saum draws $15 for expenses.

Pay Robert West $30 on his salary.

Pay Baltimore Drayage Co., $5.65.

Sell to Miller & Hartman, on %, 50 sacks fine salt at $1.50 per sack, 30 cans lard, 50 lbs. each, at 8¢ per lb.

Sell to Boyer & Co., on %, 24 doz. cans Enterprise Tomatoes at 75¢ per doz., 2 cases Baking Powder at $1.80 per case, 100 lbs. evaporated peaches at 12¢ per lb.

Receive from Jordan Stabler Co., on %, check for bill of the 18th instant, less 2% discount.

Receive from Miller & Hartman, their check to pay note of Jan. 23, and interest on same (60 ds.).

Buy from J. A. Edmondson & Son, on %, 50 bbls. syrup at $10.96 per bbl.

Receive from Baker & Co., on %, $188.20.

Sell to John A. Gable, on %, 12 doz. jars olives at $1.85 per doz., 6 boxes ginger snaps at $1.60 per box, 5 boxes Ivory Soap at $6 per box.

Cash sales, $215.45.

26.

Sell to F. W. Wagner & Co., on %, 12 bbls. granulated sugar, 4,126 lbs., at 5¾¢ per lb., 150 lbs. California Evaporated Peaches at 12¢ per lb., 10 lbs. chocolate candy at 15¢ per lb.

Receive from J. N. Frantz, check for account, in full, less 2% discount on bill of 22nd.

_____ draws $125 for private use.
(Student's name)

Receive from Cooper Bros., on %, check for $750.

Sell to William Jackson, on %, 100 cocoanuts at $3.25 per 100, 5 sacks fine salt at $1.50 per sack, 35 lbs. loaf sugar at 6¢ per lb., 3 boxes toilet soap at $8 per box, 25 lbs. chocolate candy at 15¢ per lb., 8 doz. bottles household ammonia at $1.40 per doz.

Sell to J. B. Friday & Co., on %, 5 cases Uneeda Biscuit at $2 per case, 3 boxes crackers at $1.50 per box, 2 boxes ginger snaps at $1.60 per box.

Cash sales, $208.05.

27.

Receive from Otto Tielman & Son, their note for $452.01 in full for all bills purchased during Feb., dated Columbia, S. C., March 27th, 19—, due 90 days after date with interest at 6%.

Pay draft of Williamson Creamery Co., for $247.50.

Sell to L. W. Johnson, on %, 4 cases Uneeda Biscuit at $2 per case, 5 boxes toilet soap at $8 per box, 100 lbs. currant jelly at 3¢ per lb., 100 lbs. honey at 12½¢ per lb.

Sell McGaw & Co., on %, 50 lbs. soda at 4¢ per lb., 12 bbls. apples at $2.50 per bbl., 10 lbs. cayenne pepper at 6¢ per lb., 25 lbs., French candy at 12½¢ per lb.

Receive from Baker & Co., check for $426.58 on %.

Pay Edward L. Palmer, on %, $143.25.

Sell S. N. Bloom, on %, 5 cases Uneeda Biscuit at $2 per case, 3 cases Baking Powder at $1.80 per case.

Cash sales, $182.28.

28.

Receive from Reitz Bros., on %, check for $175.

Receive from Maynadier & Co., on %, $325.

Pay freight on goods, B. & O. R. R., $3.25.

Sell to C. P. Kreamer, for cash, 10 bbls. granulated sugar, 3,865 lbs., at 5¾¢ per lb.

Sell to Jordan Stabler Co., on %, 15 bbls. Superior Family Flour at $4 per bbl., 5 bbls., 1,725 lbs., granulated sugar at 5¾¢ per lb.

Sell to C. Walburn, on %, 8 cheese, 60 lbs. each, at 12½¢ per lb., 3 boxes crackers at $1.50 per box, 4 boxes Cookies at $1.80 per box.

Cash sales, $223.22.

29.

Fred. Baker draws $15 for expenses.

Charles Saum draws $20 on salary.

Pay freight on goods, P. R. R., $4.60.

Pay drayage on goods, $2.50.

Receive from Miller & Hartman, on %, check for bill of the 3rd, $175.15.

Sell to James Barbour & Son, on %, 3 cases Baking Powder at $1.80 per case, 2 cases Banner Lye at $4.25 per case, 30 lbs. chocolates at 15¢ per lb.

Cash sales, $175.30.

30.

Sell Wagner & Johnson, on %, 24 hams, 276 lbs., at 12½¢ per lb., 2 boxes lemons at $2.50 per box.

Sell to Gold Bros., on %, 2 bags Santos Coffee, 110 lbs. each, at 23¢ per lb., 50 lbs. Strong Rio at 21¢ per lb., 60 lbs. Java at 31¢ per lb.

Sell to Reitz Bros., on %, 2 bbls., 110 gals., syrup at 12¢ per gal.

Pay Fred. Baker, $45 on salary.

Pay John Jones week's salary, $10.

Pay Robert West on salary $15.

Pay James Marshall salary for week, $12.

Pay Charles Saum on salary, $20.

Pay Albert Handley, week's salary, $15.

Pay Robert West for expenses, $15.

Cash sales, $189.73

Draw drafts at thirty days after date upon the following:

Bryant & Clarvoe, $300.00; Jordan Stabler Company, $200.00; McGaw & Company, $200.00; Gold Brothers, $200.00; Boyer & Company, $400.00; William Jackson, $360.00; L. W. Johnson, $100.00; Cooper Brothers, $400.00; Miller & Hartman, $400.00; C. Walburn, $200.00; and send same to J. A. Edmondson & Company to apply on account.

Credit each of the traveling salesmen and each of the partners for their salary.

Credit partners for interest on investment.

The books are now to be closed.

Inventories as follows:

Real Estate..... $9,500.00

There has been a gain of 22% on Merchandise sold; you may find the inventory.

Store and Office Fixtures have depreciated 2%.

Compute interest to date on all notes receivable and notes payable which bear interest and present list of same to teacher

Construct the usual closing statements.

WRITTEN TEST NO. 16.

1. Why is information, other than amounts, dates and the pages of the original books, recorded in Ledger accounts?
2. Why should more than the letters J. or C., standing respectively for Journal and Cash Book be entered at the time of posting?
3. Should the terms of the sale be entered in the account?
4. Should all accounts be indexed? Why?
5. What is a vowel index?
6. When are accounts averaged? Why are they averaged?
7. What is a general partnership? A limited partnership?
8. How many kinds of partners are there?
9. What is a partnership agreement? Articles of co-parnership? Lease? Franchise? Injunction? Easement?
10. What does the partnership agreement contain? How many copies should be made? Why should much thought be exercised in making it?
11. For what purpose is a partnership formed? How many partners required?
12. Is it necessary that they invest equal amounts?
13. How are profits apportioned when partners invest different amounts?
14. How may partners be equal if one invests cash and the other nothing but his name? Could one invest his skill in an undertaking?
15. When one partner invests assets which afterward prove worthless, what entries should be made when the loss is discovered?
16. What is collateral? What are Securities? Stocks? Bonds?
17. Does the act of a partner bind the firm?
18. What are the duties of an entry clerk? Shipping clerk? Receiving clerk?
19. Give ten rules or tests to follow in locating an error in a Trial Balance.
20. What is meant by a transposition of figures? How may such an error be found? What is meant by a transplacement? How may such an error be found?

Single Entry.

199. Nearly all progressive business houses now use the system of bookkeeping known as Double Entry, but there are a considerable number of small business firms which still adhere to the older and simpler style of bookkeeping known as Single Entry. We teach Double Entry first, because it is in so much more general use and because when you have learned Double Entry, with just a little explanation, you also understand Single Entry, without pursuing a regular course in it. However, your training in bookkeeping will not be complete without this lesson in Single Entry Bookkeeping, because you may at some time be called upon to keep books for an employer who wishes his books kept by the Single Entry method, and you may at some time be called upon to open a set of Double Entry books for a firm whose books have been kept by the Single Entry method.

200. Double Entry Bookkeeping is so called because there are two entries for each and every amount, a debit and a credit, while in Single Entry, as a rule, there is only one entry, a single entry, for each amount.

201. The oldest and simplest form of bookkeeping consisted of only one book, the Ledger, in which only personal accounts were kept just as the keeping of personal accounts is taught in articles 29 to 32 of this book. By that method, an entry was made only when a personal account was affected and then only one entry. By that method, if we buy from any one on account, we credit his account, and are through with the bookkeeping for the transaction. If we sell to anyone on account, we debit his account. If we receive a payment on account from anyone, we credit his account. If we send a payment to anyone on account, we debit his account. That is all of the bookkeeping there is for each of those transactions. That is Single Entry, pure and simple in its original form—Single Entry,—only one entry for each transaction. In that method, there is no posting. Each transaction is recorded in the Ledger just as it occurs and the Ledger is a book of original entries.

202. As time went on, some persons wanted to know just how much money they had received, how much money they had paid out, and how much money they ought to have on hand, and to have a record of their receipts and expenditures from year to year, and for that reason a Cash Book was added to the system.

203. The Cash Book in Single Entry Bookkeeping is kept somewhat like the Cash Account in the first lesson in this book, and when a Cash Book is kept, all of the transactions which affect personal accounts and in which cash is received or paid out, have two entries just the same as in regular Double Entry Bookkeeping; the one to the personal account, and the other in the Cash Book, and then the best plan is to make the entry in the Cash Book at the time the transaction occurs and to post from it to the Ledger just as in Double Entry Bookkeeping. Of course, there will be many entries in the Cash Book which cannot be posted because they do not affect any of the Ledger accounts.

204. When a Cash Book is kept with Single Entry books, it is a good plan to enter the cash that is received that is to be posted, to the credit side of some account in the Ledger in the first money column on the debit side of the Cash Book and to enter all cash that is received that is not to be posted, in the second money column in the Cash Book; and to enter all cash that is paid out that is to be posted to the debit side of some account in the Ledger, in the first money column on the credit side of the Cash Book and to enter all cash that is paid out that is not to be posted, in the second money column on the credit side of the Cash Book. Separating the money received and paid out in this way into two classes,—that which is to be posted and that which is not to be posted, serves a double purpose. First, it enables the bookkeeper to see at a glance in posting, which items are to be posted and which items are not to be posted, and second, it forms the basis for a method of

"proof of posting" in Single Entry which to some extent takes the place of the Trial Balance in Double Entry, for if all of the cash debits which are to be posted are added to all of the Journal or Day Book credits, if the posting has been done correctly, the amount found will be equal to the sum of all the credits in the Ledger, and if all of the Cash Book credits which are to be posted are added to all of the Journal or Day Book debits, the amount found will be equal to all of the debits in the Ledger, or the difference between the total of the Cash Book debits and Journal credits mentioned and the total of the Cash Book credits and Journal debits mentioned, will be equal to the difference between the total of the Ledger debits and the total of the Ledger credits. Proving the posting in this way is sometimes spoken of as taking a Trial Balance in Single Entry.

205. Later on persons wanted to know how much money they paid for merchandise and how much they received for it, and so began keeping a Merchandise account; and some wanted to know the total amount of their yearly expenses, and so kept an Expense account; or the amount they paid out for salaries or advertising, and so kept a Salaries or an Advertising account, and those accounts are kept just as you were taught to keep them in articles 33 to 38 in this book.

206. Some wanted to have accounts showing what notes they had given payable to other persons and what notes of other persons payable to themselves they had on hand, and so started Bills Payable and Bills Receivable accounts, which are kept just as you have been taught to keep those accounts in articles 80 to 97 of this book.

207. When the person wished to keep so many accounts, it became necessary to have some place to keep a general record of transactions in order that the debiting and crediting of the proper accounts should not be overlooked, and for that purpose the Day Book or Journal was introduced, which may be kept just like the Journal in Double Entry bookkeeping, except that there may be some cases in which there will not be both a debit and credit, and in such cases it is correct to make an entry for a debit only or a credit only, whichever may be desired, without any balancing entry. As an illustration of a case, in which there would not be both a debit and a credit in the Journal, we will suppose you are keeping books by Single Entry for a firm which does not keep any Store and Office Fixtures account, or any other account to which they wish things purchased for the office charged. If that firm purchases an Underwood typewriter on account, from the Underwood Typewriter Company for $100, the only entry in the Journal will be—Underwood Typewriter Company, with the amount in the credit column, followed on the next line with the explanation, "bought Underwood Typewriter No.———."

208. When a Journal is kept in Single Entry Bookkeeping, you post from it to the Ledger just as you do in Double Entry Bookkeeping, and when a Cash Book and Journal are both kept, all cash transactions are first recorded in the Cash Book, and all transactions in which cash is not paid or received are recorded first in the Journal; then the entries to the Ledger are all made from either the Cash Book or the Journal, are all simply posting entries, and the Ledger has ceased to be a book of original entries.

209. The Cash Book and Journal in general use by persons keeping Single Entry books have just the same ruling as the Cash Book and Journal used in Double Entry Bookkeeping, but nearly all stationers sell a Ledger imprinted "Single Entry Ledger" that is different from the one used for Double Entry Bookkeeping. It is ruled just like your Journal, except that a line is ruled a little to the left of the first money column to make a column in which to place the figures or letters to show where each entry is posted from, and all debits to each account are entered in the first money column, and all credits in the second money column. There is no good reason, however, for using that old form of Ledger, as the form used for Double Entry Bookkeeping is just as well suited to single Entry as to Double Entry, and is just as superior to the old form for use in one system as in the other. It places the debits and credits farther apart, so that there is less likelihood of entering the amount one is recording in the wrong column.

210. You will probably never want to open a set of Single Entry books, since if you are opening the books for a firm, you will recommend the better and more modern Double Entry System,

but if you should ever be called upon to open a set of books by Single Entry, to do so, it is only necessary to open a Stock account for the proprietor of the business, and credit it with his net investment,—the difference between the resources and liabilities which he invests; to open accounts with all of the persons owing the proprietor, and debit their accounts for the amounts they owe; to open accounts with all of the persons whom the proprietor owes and credit each with the amount due him, and to debit the Cash account for the amount of cash on hand; and then, if any other accounts are to be kept, such as Bills Receivable, Bills Payable, Merchandise, Expense, etc., to open them with the proper debits or credits, and then you are ready to proceed with the business and to make the entries as transactions occur.

211. If a Journal is to be kept, the opening entry in it, consisting of a single statement of the debits and credits as they are to appear on the books, can be copied from the statement of resources and liabilities furnished or compiled as the foundation for the books, and in this case they may be transferred from the statement to the Journal and posted from the Journal instead of being transferred directly from the statement to the Ledger and Cash Book as they would be if no Journal is kept.

212. The loss or gain on a business, the books of which are kept by Single Entry, is found by finding the Present Worth and comparing this with the Present Worth at the time the business was started or with the Present Worth at the beginning of the period for which the calculation is made. The amount that the Present Worth **now** exceeds the **former** Present Worth, is the amount of the gain, or the amount that the **former** Present Worth exceeds the **present** Present Worth, is the amount of the loss. The Proprietor's account should, of course, be credited with the gain or debited with the loss according to the facts in the case. The loss or gain on any business should be determined at least once a year. To find the Present Worth when books are kept by Single Entry make an Inventory of all property and goods of every description on hand owned by the business, including Real Estate, Merchandise, Cash, etc., and to this add all good Notes Receivable and all good Accounts Receivable, then from the total subtract the total liabilities of the business, which will probably consist chiefly of Notes Payable and Accounts Payable.

213. Since in Single Entry Bookkeeping, debits and credits are made with no reference to each other, it will only be by coincidence or accident if the sum of the debits and the sum of the credits on the books are ever equal, and consequently, Trial Balances are not taken when books are kept by Single Entry but the "Proof of Posting" hereinbefore described should be used and this is sometimes called a Trial Balance.

214. One of the chief advantages of Double Entry Bookkeeping is that if any entry is made incorrectly by mistake, or if some entry is omitted through an oversight, the books are almost sure to be thrown out of balance by the mistake or omission, which fact being discovered when a Trial Balance is taken, the bookkeeper hunts until he finds the mistake or omission, or as many mistakes and omissions as there may be, and corrects them. The Double Entry system thus serves as a check on the work, and enables the bookkeeper and his employer to be more certain that a complete and correct record is kept of all transactions. Another of the chief advantages of Double Entry bookkeeping is that it presents in concise form an analysis of the sources of gains and losses, through the study of which a capable manager is able to decrease his losses and increase his gains.

Changing from Single Entry to Double Entry.

215. If you have completed the work up to this point in this text-book and have read the explanation of Single Entry Bookkeeping given in articles 199 to 214 inclusive two or three times, you can keep books by Single Entry, using just whatever books and whatever accounts an employer may desire, without further instruction or illustration.

The next thing for you to learn is—how to change the bookkeeping of a firm from Single Entry to Double Entry. When this is to be done, the best way to do it is to calculate the loss or gain according to the old books, apportion same among the members of the firm, and then open

an entirely new set of books, according to the direction in articles 50 and 51 of this book. Find the resources and liabilities for the preliminary statement by taking an inventory of all property on hand and by consulting the old books and the managing member of the firm.

216. If it is desired that the new set of books shall be a continuation of the old, take an inventory, make a statement showing all the resources and liabilities of the firm, and find the present worth of the firm by subtracting its liabilities from its resources. If the present worth of the firm is more than at the time the books were opened, credit the proprietor's account for the amount of the gain; if the present worth is less than at the time the books were opened, debit the proprietor's account for the loss. This having been done, it will only be necessary to make Journal entries for the accounts not already in the Ledger.

The entries are made from the statement of resources and liabilities and are posted from the Journal to the new accounts in the Ledger. The appropriate accounts are debited for all resources not already in the Ledger, and the appropriate accounts are credited for all liabilities not already in the Ledger. Then the Journal debit may be made for the cash on hand as per the Cash Book, after which all of the debits already in the Ledger may be grouped under the heading "Ledger Debits" in making the opening Journal entry, and all of the credits already in the Ledger may be grouped under the head "Ledger Credits;" and when the above entries have been made, the Journal entries will balance and the books will be in balance, since all of the firm's resources now appear on the books as debits and all of its liabilities appear on the books as credits, and the difference between those two, the firm's present worth, also appears on the books as a credit in the Stock account. The totals appearing in the Journal entry, "Ledger Debits" and "Ledger Credits" are, of course, not posted, since they are already in the Ledger. The new accounts to be opened and debited with resources may include—a Merchandise Account, a Store and Office Fixtures Account, a Bills Receivable Account, and possibly an Expense Account, if those accounts were not kept in the Single Entry books, together with any other accounts needed in classifying the firm's resources; and the new accounts showing liabilities may include—a Bills Payable account, if such an account was not kept in the old books and there are any outstanding notes owed by the firm, together with any other accounts needed to show liabilities not previously shown on the books.

Having gotten thus far, the only thing remaining to be done, is to take a Trial Balance, to make sure that you have done everything correctly and that the books are in balance, and you may then proceed to keep your books by Double Entry, just as though they had been orginally opened in that system.

217. In order to prove that you know how to keep books by Single Entry, you may turn to the Wholesale Paper Set, beginning on **page 114**, and keep the books for the first fifteen days' business by Single Entry, using a Cash Book, Journal and Ledger, and keeping only Proprietors' Accounts, Bills Receivable and Bills Payable accounts, a Cash Account, and the necessary personal accounts. At the close of the fifteen days' business, the inventories there given may be used and you may change the books to Double Entry, and take a Trial Balance, and submit it and your Single Entry work to your teacher.

WRITTEN TEST NO. 17.

1. Define Single Entry; Double Entry.
2. How do the two systems differ?
3. Which class of accounts do you keep in a Single Entry Ledger?
4. What is the difference between a Double Entry Ledger and a Single Entry Ledger?
5. How about the Journal entries?
6. Are the personal accounts kept differently than those of Double Entry? Why?
7. May other than personal accounts be kept in Single Entry? Explain.
8. Is the capital account a personal account?
9. Could the footings of the two sides of the Ledger ever agree?

10. Why can not a Trial Balance be taken the same as in Double Entry? Explain fully how a Trial Balance can be taken off a Single Entry Ledger.

11. Why are other than personal accounts kept?

12. Explain how a Statement of Gains and Losses may be prepared from a Single Entry Ledger? Can the Net Gain or Net Loss be determined? How?

13. Does the Cash Book differ from a Double Entry Cash Book? Explain. How is it posted? Are all the entries posted?

14. What is a Bill Book? Should the balances agree with any accounts kept in a Double Entry Ledger? In a Single Entry Ledger? What advantage is derived from the use of the Bill Book? May you post from it to the Ledger?

15. When you have a note discounted at bank, what entry or entries do you make, when it is some other person's note? When it is your own note? When you discount (buy) another person's note?

16. What entry or entries should be made in Single Entry when a person fails, paying only 40 cents on the dollar? In Double Entry Bookkeeping?

17. Name the successive steps in changing books from Single Entry to Double Entry.

18. Why is a Trial Balance taken after the change to Double Entry is made?

19. Which, in your opinion, is the better system, Double or Single Entry, say, for a manufacturer; a doctor; a lawyer?

20. What are the main facts that a man wishes to know regarding his business?

COMMISSION BOOKKEEPING.

218. In every city there are a number of business men known as Commission Merchants. A Commission Merchant does not buy or own the goods he sells but receives shipments of goods from others which he sells for the highest price that he can obtain and for his services in making the sale, he receives a commission, usually a certain percentage of the price received for the goods.

219. One business which is conducted almost exclusively by commission merchants is the produce business and the commission merchants' success in this business will depend largely upon whether or not he can secure a sufficient number of consignments for sale. A commission merchant who gets good prices for what he sells and who remits the proceeds promptly to the person from whom the goods were received, soon builds up a good reputation and consequently receives frequent and extensive shipments from farmers who raise produce in large quantities; from buyers who make a business of traveling through the country and buying up produce for shipment to the city; and from country stores which must find some outlet for the produce taken in trade or barter from their customers.

220. The goods shipped to a commission merchant for sale are called "Shipments" by the person shipping the goods and a separate account is opened by the shipper with each shipment under an appropriate name such as "Shipment (name of the person to whom the shipment was sent)." In the event of more than one shipment being sent to the same person, the shipments would be distinguished by numbers as "Shipment (name of the person to whom the shipment was sent) number 1," "Shipment (name of the person to whom the shipment was sent) number 2," etc. When a shipment is sent, the account with the shipment should be debited with the cost of the goods shipped and with any expense incurred in the making of the shipment such as drayage or insurance, if the goods are insured, or with freight or express, if the freight or expressage is prepaid. The account with a shipment should be credited with all proceeds received on account of the shipment. If the commission merchant does not make any payment until the goods have all been sold and then sends a check or a bank draft in full for the net proceeds, that is, for the amount for which the goods were sold less any expenses incurred by the commission merchant and less the

commission merchant's commission, Cash is debited and the shipment is credited for the amount received. If, as is frequently the case, the commission merchant accepts the shipper's time draft or pays his sight draft on him for a part of the value of the goods, Cash or Bills Receivable, depending upon whether the draft in question is a sight draft or a time draft, is debited and the shipment is credited for the amount of the draft and then when the Account Sales is received with the remittance of the remainder of the amount due for the goods, Cash is debited and the shipment is credited with that amount. If the commission merchant in sending the Account Sales does not send a remittance, but simply says that the amount due has been placed to the credit of the shipper, the shipper should open an account with the commission merchant as "(commission merchant's name) agent" or "(commission merchant's name) bailee" and through a proper Journal entry should debit that account and credit the shipment for the amount due as shown by the Account Sales. The reason for using "agent" or "bailee" in connection with a commission merchant's name in a case of this kind, is to show that the commission merchant is a custodian of funds belonging to the shipper so that in the event of the commission merchant failing before remitting, the shipper would be a preferred creditor and could recover the full amount due him if the assets available would permit of this instead of being compelled to accept a pro rata share of the assets along with the ordinary creditors.

221. When all of the proceeds from any shipment have been received, the account should be closed into the Shipments account through a proper Journal entry, debiting the individual shipment and crediting the Shipments account if there has been a gain or crediting the individual shipment and debiting the Shipments account if there has been a loss on the shipment.

222. By the commission merchant receiving the goods, each lot of goods received is called a Consignment. (The person shipping the goods, is the consignor and the person receiving the goods, is the consignee.) The consignor is the owner of the goods until the commission merchant has sold them. When a consignment arrives, it is given a lot number which is stenciled on the barrels, bales, boxes, crates or packages, making up the consignment, or indicated by tags or placards laid on or attached to the goods composing the consignment and thereafter the consignment is referred to only by its lot number. The lot number may consist of simply the number of the consignment according to the order of its receipt or of the initial of the consignor's name with the figure indicating the number of the consignment received from him or of any other mark or sign which will enable the commission merchant to easily distinguish the property belonging to one consignment from that belonging to any other consignment. One of the chief reasons for the use of lot numbers in the commission business is to hide the source of the commission merchants's supply from his competitors and customers.

223. Books commonly used in the commission business are a blotter or receiving book in which the receiving clerk enters a description of each lot of goods received together with the name and address of the shipper and the lot number, a Cash Book, a Journal, a Consignment Ledger, a Customers' Ledger and a General Ledger.

224. From the blotter or receiving book the bookkeeper opens an account in the Consignment Ledger with each person from whom a consignment is received, writing as the heading of the account, the lot number and the name and address of the consignor. There is a separate account in the Consignment Ledger for every consignment received. After the heading has been written in the Consignment Ledger, the bookkeeper copies from the receiving book a description of the goods received; then the account is ready for such entries as may be posted to it later.

225. In the commission business, it is customary for the commission merchant to pay or advance the freight or express charges upon receipt of the goods and also the drayage charges for bringing the goods from the wharf or freight station to his ware-house. These charges, when paid, are entered on the credit side of the Cash Book with an appropriate explanation including the lot number and are posted to the debit side of the account for that lot number in the Consignment Ledger.

226. Not infrequently the commission merchant makes advances to the consignor upon receipt of a consignment. If the advance is in the form of a cash remittance or the payment of a sight draft, the amount of the advance is entered on the credit side of the Cash Book and is posted to the debit side of the lot account concerned in the Consignment Ledger. If the advance is made by accepting a time draft, an appropriate entry is made in the Journal, debiting the lot account and crediting the Bills Payable account, this Journal entry being posted with appropriate explanation to the debit side of the proper lot account in the Consignment Ledger and to the credit side of Bills Payable account in the General Ledger.

227. Whenever any of the goods from any lot are sold for cash, the amount received is entered on the debit side of the Cash Book with an appropriate explanation including the lot number and this is posted to the credit side of the account for that particular lot in the Consignment Ledger.

228. It is customary for the commission merchant to carry insurance covering the goods in his warehouse and in order to reimburse himself for the premium that he pays to the Fire Insurance Companies, he makes a charge for insurance against each consignment received. The entry for the charge for insurance is made in the Journal. The lot is debited and insurance is credited with the amount of the charge. The debit to the lot concerned is posted to the debit side of the proper lot account in the Consignment Ledger and the credit to insurance is posted to the credit side of the Insurance account in the General Ledger.

229. If there is any other charge against a consignment not paid in cash, such as a charge for storage, it is entered in the Journal and posted just like the insurance item above mentioned.

230. If instead of paying the freight or the drayage in cash, the commission merchant has an account with the railroad or an account with the drayman, the entry for such a charge would be made through the Journal, the lot account being debited and the railroad or the drayman being credited. This Journal entry would be posted to the lot account in the Consignment Ledger and to the railroad's or drayman's account in the General Ledger.

231. If any part of a consignment should be sold on credit, the entry would be made through the Journal. The purchaser would be debited and the lot account would be credited with a proper explanation. This Journal entry would be posted to the debit side of the purchaser's account in the Customer's Ledger and to the credit side of the lot account in the Consignment Ledger.

232. When all of the goods from a consignment have been sold, the commission is figured and a Journal entry is made, debiting the lot account and crediting the Commission account with the amount of the commission. This Journal entry is posted to the debit side of the lot account in the Consignment Ledger and to the credit side of the Commission account in the General Ledger.

233. When all of the goods from any consignment have been sold and the entries from the Cash Book and Journal, including the Commission and all other charges, have all been properly posted to the lot account, the amount that the credit side of this account exceeds the debit side, is the amount of the net proceeds. If the net proceeds are sent at once to the consignor, the entry for the remittance will be on the credit side of the Cash Book with a proper explanation including the lot number and will be posted to the debit side of the lot account. If the net proceeds are not sent to the consignor immediately, a Journal entry should be made, debiting the lot account and crediting the consignor as bailor. When either the Cash Book entry or the Journal entry above mentioned has been properly posted, the lot account in the Consignment Ledger will balance and should be ruled up.

234. Whenever the goods from any consignment have all been sold, the commission merchant should immediately forward an Account Sales to the shipper or consignor. An Account Sales consists of an itemized statement of all transactions in connection with the consignment for which the Account Sales is rendered. It should show at the top every sale made from the consignment with the price received in each case and the total amount received from the sale of the consignment. At the bottom it should show all expenses and charges in connection with the consignment, includ-

ing advances to the consignor, if any; the amount of the commission charged by the commission merchant and the net proceeds forwarded to the consignor along with the Account Sales or placed to the consignor's credit.

235. If at the time of taking a Trial Balance, the debit side of any account in the Consignment Ledger is larger than the credit side, the amount of the excess is a resource; it represents expenditures or advances for which you will be reimbursed. But if at any time the credit side of an account in the Consignment Ledger exceeds the debit side, the amount of the excess is a liability. This excess represents funds in your hands belonging to the consignor.

Account Sales.

ACCOUNT SALES

FOLIO 318

CAR NO. 32756 P. R. R.

RECEIVED 7/26/19—

SOLD FOR ACCOUNT OF

Wm. E. Smith,

Bridgeville, Del.

Philadelphia, July 30, 19—

	504	Crates Peaches			
		SALES.			
7/26	200	Crates Peaches @ $2.25			450
7/27	100	" " @ 2.30			230
7/29	204	" " @ 2.00			408
		ADVANCES	500		
		EXPRESS FREIGHT	85	68	
		COMMISSION	54	40	
E. & O. E.		NET PROCEEDS	447	92	
		Check enclosed.	1088	00	1088 00

SET 9.

GENERAL COMMISSION BUSINESS.

_____ (Student's name) and A. E. Trader have entered into partnership, July 1st, for the purpose of conducting a general commission business, each investing $5,000 cash. Style of firm to be _____ (Student's name) & Trader. Gains or losses to be shared equally. Both partners to devote their entire time to the business. Partnership to run for three years. Draw up a partnership agreement.

In this set use the following accounts: Store and Office Fixtures, Insurance, Commission, _____ (Student's name) Stock, _____ (Student's name) Private, A. E. Trader, Stock, A. E. Trader, Private, and the necessary personal accounts.

All transactions are for cash unless otherwise stated.

JULY 1, 19—.

Buy desk and chairs, $145.

Buy typewriter and stand, $105.

Buy blank books and stationery, $38.50.

Receive consignments from the following persons:

R. A. Long, Beaufort, S. C., (Consignment No. 1) 40 tons Timothy hay; freight on same $38, drayage $10. Sell same at $16 per ton, Commission $44.80.

F. Jenkins, Hillensburg, N. C., (Consignment No. 2) 225 bbls. Family Flour; freight on same, $56; drayage $6; insurance $1.50.

Baker & Co., Staunton, Va., (Consignment No. 3) 15 tons mill feed; freight, $15, drayage, $5, insurance, $1.50.

C. P. Ridgeway, Ridgeway, W. Va., (Consignment No. 4) 30 crates, 900 doz. eggs; expressage, $37.50, drayage, $2.50. Sell entire lot at 13¢ per doz., our commission 5%.

Take out Insurance Policy in the Hartford Insurance Co. to the amount of $5,000 at ½%.

Remit to R. A. Long, net proceeds from consignment No. 1, $547.20.

Remit to C. P. Ridgeway, net proceeds from consignment No. 4.

2.

Receive the following consignments:

W. A. O'Rear, Clear Brook, Va., (Consignment No. 5) 500 bu. No. 1 Red Wheat; freight, $17.50, insurance, $1.25.

J. G. Haldermann, Kernstown, Va., (Consignment No. 6) 20 boxes butter, 40 lbs. each; freight, $3.20, drayage, $1.25. Sell same at 18¢ per lb., $144. Our commission, $7.20.

S. B. McClung, Upper Tract, W. Va., (Consignment No. 7) 1,500 lbs. Wool; freight, $26.25, drayage $3.25, insurance $1.

Sell to Davis Bros., on %, 100 bbls. Family Flour, from consignment No. 2, at $3.15 per bbl.

Sell to Albert Lewis, on %, 5 tons mill feed, from consignment No. 3, at $15 per ton.

Remit to J. G. Haldermann, settlement for consignment No. 6.

3.

Sell to James Jackson, on %, 300 bu. wheat from consignment No. 5, for which we receive 72¢ per bu.

Sell to Samuel Jones, on %, 200 bu. wheat from consignment No. 5, 72¢ per bu. Our commission is 5% of sales.

We receive the following consignments:

Hottle & Smith, Alexandria, Va., (Consignment No. 8) 3,425 bu. wheat; freight, $90, insurance $2.25.

Jones, Robinson & Co., Brunswick, Md., (Consignment No. 9) 360 lbs. chickens, 10 cases eggs, 30 doz. to case. Expressage, $21.85.

W. A. McGee, Hanover, Pa., (Consignment No. 10) 500 bu. potatoes, freight, $10, drayage, $2.50.

Remit to W. A. O'Rear, $323.25 in payment for consignment No. 5.

Sell to John W. Adams, on %, 3 coops chickens from consignment No. 9, 185 lbs. at 18¢ per lb., and 3 crates eggs, 90 doz., at 13¢ per doz.

Sell to Henry Brooke, on %, 1 coop, 55 lbs. chickens from consignment No. 9, at 18¢, and, 2 cases eggs, 60 doz., at 13¢.

Sell to James Goodwin, on %, 2 coops chickens, 120 lbs., from consignment No. 9, at 18¢.

Sell to Frank Meyers, on %, 5 cases eggs, 150 doz., at 13½¢ per doz. Our commission is 5% on sales.

Remit to Jones, Robinson & Co., $77.47 in settlement for consignment No. 9.

5.

Receive the following consignments:

L. J. Andrews, Bethlehem, Md., (Consignment No. 11) 25 lbs. butter and 6 cases eggs, 30 doz. to case; freight, $2.50, drayage, $1.

L. J. Andrews, (Consignment No. 12) 20 tons Timothy hay; freight, $15, drayage, $5.75, insurance, $1.25.

W. W. Wall, Winchester, Va., (Consignment No. 13) 50 tons Timothy hay and 10 tons wheat straw; freight, $42, drayage, $10, insurance, $1.75.

George Bowers, Martinsburg, W. Va., (Consignment No. 14) 250 bbls. flour; freight, $62.50, drayage, $12.75, insurance, $1.60.

Sell to Louis Abel, for cash, 100 bbls. flour from consignment No. 2 at $3.15 per bbl., from consignment No. 10, 50 bu. potatoes at 75¢ per bu. and from consignment No. 11, 2 cases, 60 doz. eggs, at 13½¢ per doz.

Sell to Wm. Andrae, on %, 25 bbls. flour from consignment No. 2, at $3.15 per bbl ; 15 lbs. butter from consignment No. 11, at 18¢ per lb.

Sell to Harry Jones, on %, from consignment No. 14, 50 bbls. flour at $3.15 per bbl. and from consignment No. 13, 2 tons Timothy hay at $16.

Sell to George Brown, on %, from consignment No. 14, 50 bbls. flour at $3.15.

Sell to Frank Holtman, on %, 10 lbs. butter from consignment No. 11, at 18¢ per lb., and 3 cases, 90 doz. eggs, from consignment No. 11, at 13½¢ per doz., and from consignment No. 13, 5 tons Timothy hay at $16 per ton.

Sell to John Carver, for cash, from consignment No. 10, 30 bu. potatoes at 75¢ per bu. and 1 case, 30 doz. eggs, at 13½¢ per doz., from consignment No. 11.

Remit to F. Jenkins, $602.72 in settlement for consignment No. 2, our commission being 6%.

Remit to L. J. Andrews, $23.86 in settlement for consignment No. 11, commission 5%.

6.

Pay clerk and stenographer their salaries for week, $22.

Receive the following consignments:

Baker & Co., (Consignment No. 15) 1,200 bu. corn; freight, $78.40, drayage, $10.25, insurance, $1.60.

Turner & Son, Betterton, Md., (Consignment No. 16) 125 bbls. apples and 300 baskets peaches; freight, $90, drayage, $15.

Sell from consignment No. 13, 25 tons Timothy hay to W. F. Riley, on %, at $16 per ton, and from consignment No. 10, 150 bu. potatoes at 75¢ per bu.; from consignment No. 15, 125 bu. corn at 46¢ per bu.

Sell to Casper Alt, for cash, 125 baskets peaches from consignment No. 16, at $1.50 per basket.

Sell to Frank Holtman, for cash, from consignment No. 16, 175 baskets peaches at $1.50 per basket.

Sell to James Lake, on %, from consignment No. 13, 18 tons Timothy hay at $16 per ton; from consignment No. 3, 5 tons mill feed at $15 per ton; and from consignment No. 13, 10 tons wheat straw at $6 per ton.

Remit to W. W. Wall, $754.65 in settlement for consignment No. 13.

Post your books at this point and take a Trial Balance.

Be sure to have your books examined.

8.

_____ draws $50 for private use.
(Student's name)

Sell to Wm. Lea & Sons, on %, from consignment No. 8, 1,234 bu. wheat at 72¢ per bu.

Sell to C. A. Gambrill Mfg. Co., on %, 2,191 bu. wheat from consignment No. 8, at 72¢ per bu.

Receive the following consignments:

Baker & Co., (Consignment No. 17) 5,327 bu. wheat; freight, $112.60, insurance, $2.60.

F. H. Baker, Fisher Hill, Va., (Consignment No. 18) 175 lbs. butter, 50 crates eggs, 30 doz. each, and 12 coops, 720 lbs. chickens; freight $5.50, drayage, $2.25.

D. S. Siegle, Easton, Md., (Consignment No. 19) 6 coops, 480 lbs. ducks and 3 coops, 182 lbs., chickens; freight $2.75, drayage $1.

Remit net proceeds on consignment No. 8, our commission on the same being 6% on the total amount of sales.

9.

Sell to Charlottesville Woolen Mills, Charlottesville, Va., for cash, from consignment No. 7, 1,500 lbs. wool at 18¢ per lb. Our commission on this consignment was 5%. We remit net proceeds.

Sell to Parsons & Co., for cash, from consignment No. 3, 5 tons mill feed at $15 per ton.

After deducting 6% commission and expenses on consignment No. 3, remit net proceeds.

Sell to Charles H. Brown, for cash, from consignment No. 16, 30 bbls. apples at $1.50 per bbl.; 125 lbs. chickens, from consignment No. 18, at 15¢ per lb., and 25 crates eggs, 30 doz. each, at 13½¢ per doz.

Sell to Wm. H. Dill, on %, from consignment No. 18, 150 lbs. butter at 18¢ per lb., 300 lbs. chickens at 15¢ per lb.

Sell to George Brown, for cash, from consignment No. 16, 50 bbls. apples at $1.50 per bbl. from consignment No. 18, 25 crates eggs, 30 doz. each, at 13½¢ per doz.

Sell to Louis Abel, on %, from consignment No. 16, 45 bbls. apples at $1.50 per bbl.; from consignment No. 18, 295 lbs. chickens at 15¢ per lb., and 25 lbs. butter at 18¢ per lb.

Receive from Albert Lewis, check in full of %.

Receive consignment from D. C. Robinson, Brucetown, Va., 710 bu. oats; freight $18, insurance $1.50.

Remit net proceeds for consignment No. 16, our commission being 6%.

Remit net proceeds for consignment No. 18, our commission being 5%.

10.

Sell to Thos. Carpenter for cash, from consignment No. 10, 75 bu. potatoes at 75¢ per bu.; 25 bbls. flour consignment No. 14, at $3.15 per bbl.

Sell to Katz Bros., for cash, from consignment No. 14, 50 bbls. flour at $3.15 per bbl.; 182 lbs. chickens at 15¢ per lb., from consignment No. 19; 50 bu. potatoes at 75¢ per bu. from consignment No. 10; 135 bu. corn at 46¢ per bu. from consignment No. 15.

Sell to Miller & Son, on %, from consignment No. 19, 230 lbs. ducks at 14¢ per lb.; from consignment No. 10, 60 bu. potatoes at 75¢ per bu.; and from consignment No. 15, 245 bu. corn at 46¢ per bu.

Sell to George Roth, for cash, from consignment No. 19; 225 lbs. ducks at 14¢ per lb.

Receive consignments from the following:

F. C. Grove, Stephenson, Va., 75 lbs. butter, 10 crates eggs, 30 doz. to crate; freight $2, drayage 75¢.

Maloney & Carter, Charlotte, N. C., 25 crates cantaloupes, 15 bbls. onions; freight $2.35, drayage $1.

Sell consignment No. 22 to M. Sanders, cantaloupes at $1.25 per crate, onions 85¢ per bbl. Commission, $2.20 (5%). Deduct expenses and remit net proceeds.

Pay bill for advertising const. No. 12 in the "Sun," $10.

11.

Receive the following consignments:

J. P. Jarrett, Strasburg, Va., 80 baskets peaches, 50 bbls. apples; freight $3.45, drayage $1.40.

James Robinson & Co., 15 crates tomatoes; freight $1.25, drayage 75¢.

Frazier & Bishop, 150 bbls. flour; freight, $34.30, drayage, $10, insurance, $1.50.

Sell consignment No. 21, to J. Rosenburg, for cash, 75 lbs. butter at 18¢ per lb., 10 crates, 300 doz. eggs, at 13½¢ per doz.

Sell consignment No. 17 to Washburn Flour Mills Co., for cash, 5,327 bu. wheat at 74¢ per bu.

Sell to Harry Jones, on %, 140 bu. corn at 46¢ per bu. from consignment No. 15; and from consignment No. 14, 75 bbls. flour at $3.15 per bbl.

Sell to Frank Meyer, for cash, from consignment No. 20, 150 bu. oats at 33¢ per bu.; from consignment No. 10, 85 bu. potatoes at 75¢ per bu.

Remit net proceeds on consignment No. 10 our commission being 6%.

Remit to George Bowers & Co., net proceeds on consignment No. 14, our commission being 6%.

Remit proceeds of consignment No. 17, our commission being 6%.

Buy the twenty tons of Timothy Hay, belonging to consignment No. 12, Andrews, at $15.00, and ship the goods to Cahall & Baynard, Philadelphia, Pa., to be sold on our account and risk.

Remit to L. J. Andrews the net proceeds from consignment No. 12, our commission being 5%.

Remit net proceeds for consignment No. 21, our commission being 5%.

12.

Pay store rent to July 10th, 19—, $75.

A. E. Trader draws $75 for private use.

Make the following sales:

Wm. Ortel, for cash, from consignment No. 15, 200 bu. corn at 46¢ per bu., from consignment No. 20, 85 bu. oats at 33¢ per bu.

J. F. Norwood, on %, from consignment No. 20, 125 bu. oats at 33¢ per bu., and from consignment No. 23, 80 baskets peaches at $1.50 per basket.

Sell to George Roth, for cash, from consignment No. 23, 50 bbls. apples at $1.50 per bbl.; from consignment No. 24, 15 crates tomatoes at 90¢ per crate.

Receive the following consignments:

N. A. Nicodemus, Edgemont, Md., 25 baskets peaches, 75 bbls. apples; freight $2.35, drayage $1.60.

Turner & Son, 2,346 bu. wheat; demurrage $2, insurance, $2.

Remit J. P. Jarrett net proceeds for consignment No. 23, our commission being 5%.

Remit to Jones, Robinson & Co., net proceeds of consignment No. 24, our commission being 5%.

13.

Pay salaries for the week, $22.

Receive consignments from the following persons:

D. Seigel & Co., 30 crates cantaloupes, 10 baskets cucumbers, 25 bunches beets; freight $3.40, drayage $1.25.

Bill & Sunderland, Ocean City, Md., 200 watermelons; freight $8.10, drayage $2.

J. G. Haldermann, 215 lbs. butter, 10 crates eggs; freight $4.20, drayage $2.

Receive from Davis Bros. check in payment of account in full.

Sell to Louis Abel, on %, 200 bu corn, from consignment No. 15, at 46¢ per bu.; 120 bu. oats from consignment No. 20 at 33¢ per bu.. 25 bbls. flour from consignment No. 25 at $3.15 per bbl.

Sell to Wm. H. Dill, on %, 155 bu. corn from consignment No. 15 at 46¢ per bu.; 100 watermelons, from consignment No. 29, at $25 per 100; 15 crates cantaloupes from consignment No. 28 at $1.25 per crate; 3 baskets cucumbers from consignment No. 28 at 75¢ per basket.

Sell to John Carver, for cash, 100 watermelons from consignment No. 29, at $25 per 100; 5 baskets cucumbers from consignment No. 28, at 75¢ per basket and 10 crates cantaloupes at $1.25 per crate.

Sell to Katz Bros., for cash, 75 bu. oats from consignment No. 20, at 33¢ per bu.; 50 lbs. butter from consignment No. 30 at 18¢ per lb.

Sell to Thos. G. Carpenter, for cash, 25 baskets peaches at $1.50 per basket and 10 bbls. apples at $1.50 per bbl., from consignment No. 26; 5 crates cantaloupes at $1.25 per crate and 2 baskets cucumbers at 75¢ per basket from consignment No. 28.

Remit net proceeds for consignment No. 15, and consignment No. 29, our commission in each case being 6%.

15.

Receive bank draft from Wm. Lea & Son in full of their account.

Receive consignments from the following persons:

Ramsburg & Co., Frederick Md., 5 coops, 365 lbs. chickens, 2 coops, 136 lbs. ducks; freight $3.25, drayage $1.10.

Samuel Hight, Front Royal, Va., 25 crates eggs, 30 doz. to crate; freight $3.25, drayage $2.75.

Thos. Harrison, Lake View, Md., 1,465 lbs. wool; freight $25.86, drayage $3, insurance $1.

C. B. Crum, Meadow Mills, Va., 4,576 bu. wheat; freight, $96.30, insurance, $2.50.

C. P. Ridgeway, 20 tons Timothy hay; freight, $80.75; drayage, $10.40, insurance, $1.25.

Sell to Albert Lewis, on %, 155 bu. oats at 33¢ per bu., from consignment No. 20; 50 bbls. flour at $3.15 per bbl. from consignment No. 25.

Sell to Henry Brooke, for cash, from consignment No. 26, 25 bbls. apples at $1.50 per bbl.; from consignment No. 30, 85 lbs. butter at 18¢ per lb.; from consignment No. 31, 136 lbs. ducks at 14¢ per lb.

Remit net proceeds for consignment No. 20. Commission, 5%. Storage, $2.50. Take a Trial Balance at this point and submit it for approval.

16.

Sell to Samuel Elder, on %, from consignment No. 25, 75 bbls. flour at $3.15 per bbl.; from consignment No. 26, 40 bbls. apples at $1.50 per bbl.

Sell to James Lake, 10 crates, 300 doz. eggs, at 13½¢ per doz., from consignment No. 30, and 80 lbs. butter at 18¢ per lb.

Sell to Washburn Flour Mill Co., for cash, 2,346 bu. wheat at 72¢ per bu., from consignment No. 27.

Sell to Miller & Son, for cash, 65 lbs. chickens from consignment No. 31 at 15¢ per lb.

Receive consignments as follows:

A. Wilson, Bethesda, Md., 25 cases eggs, 150 lbs. butter; freight $10.50, drayage $3.25.

Wm. R. Gilpin, 150 bu. potatoes; freight $4.50, drayage $1.60.

Remit to J. G. Haldermann net proceeds for consignment No. 30, our commission being 6%.

Remit to Turner & Son, net proceeds for consignment No. 27, our commission being 6%.

Receive from C. A. Gambrill Mfg. Co., check in full of account.

17.

Receive the following consignments:

George Bowers & Co., 800 bu. corn; freight $62.50, insurance $1.60.

Samuel H. Earp, Elkridge, Md., 10 cases eggs, 75 lbs. butter; freight $2.25, drayage 75¢.

S. J. Radcliffe & Son, Ellicott City, Md., 925 crates cantaloupes, 7300 watermelons; freight, $25.50, drayage, $5.

Sell John W. Adams, for cash, 136 lbs. chickens at 15¢ per lb., from consignment No. 31; 5 crates eggs, 30 doz. each, at 13½¢ per doz., from consignment No. 32, 50 bu. potatoes at 75¢ per bu. from consignment No. 37.

Sell Chas. H. Brown, for cash, 11 cases eggs, 30 doz. each, at 13½¢ per doz., from consignment No. 32; 50 lbs. butter at 18¢ per lb., from consignment No. 36; 125 bu. corn at 46¢ per bu. from consignment No. 38.

Sell Frank Holtman, for cash, 925 crates cantaloupes at $1.25 per crate, 4100 watermelons at $25 per 100 from consignment No. 40.

Sell to Charlottesville Woolen Mills, 1,465 lbs. wool for cash, at 18¢ per lb. from consignment No. 33.

Sell to Miller & Son, for cash, 9 crates eggs, 30 doz. each, at 13½¢ per doz. from consignment No. 32; 164 lbs. chickens at 15¢ per lb. from consignment No. 31; 3200 watermelons at $25 per 100 from consignment No. 40.

Remit to Ramsburg & Co., net proceeds for consignment No. 31, our commisson being 5%.

Remit to Samuel Hight, net proceeds for consignment No. 32, our commission being 5%.

Remit to Thomas Harrison, net proceeds for consignment No. 33, our commission being 5%.

Remit to S. J. Radcliffe & Son, net proceeds for consignment No. 40, our commission being 5%.

Pay for postage stamps, $2.

Harry Jones pays his account in full.

Receive an Account Sales of the goods shipped Cahall & Baynard (Shipment No. 1) showing our net proceeds to be $418.75. They enclose a certified check for the amount.

18.

Sell to Washburn Flour Mills, for cash, 4,576 bu. wheat at 71¢ per bu., from consignment No. 34.

Sell J. Rosenburg, for cash, 15 cases eggs, 30 doz. each, at 13½¢ per doz., from consignment No. 36; 75 bu. potatoes at 75¢ per bu. from consignment No. 37; 100 lbs. butter at 18¢ per lb. from consignment No. 36.

Sell to Albert Lewis, for cash, 20 tons Timothy hay at $16 per ton from consignment No. 35.

Receive the following consignments:

W. W. Wall, 60 tons Timothy hay, 20 tons wheat straw; freight $55.75, drayage $10, insurance $1.25.

Baker & Co., 15 tons mill feed.

Remit to C. B. Crum, net proceeds for consignment No. 34, our commission being 5%.

Remit to Chas. P. Ridgeway, net proceeds for consignment No. 35, our commission being 5%.

19.

Receive consignments from the following persons:

W. A. McGee, 300 bu. potatoes, freight $8.45, drayage $3.75.

J. W. Johnson, Charleston, W. Va., 1,865 lbs. wool; freight $18.65, drayage $2.50.

Christian L. Lampe, Frederick, Md., 164 lbs. ducks, 336 lbs. chickens; freight, $5.30, drayage, $2.40.

Maryland Milling Co., Hagerstown, Md., 200 bbls. flour; freight $45.30, drayage $10.75, insurance $1.60.

Make the following sales:

W. T. Riley, for cash, 5 tons mill feed at $15 per ton from consignment No. 42.

Parsons & Co., for cash, from consignment No. 36, 10 cases eggs, 30 doz. each, at 12¢ per doz.; from consignment No. 39, 75 lbs. butter at 20¢ per lb.; from consignment No. 37, 25 bu. potatoes at 75¢.

Remit to Frazier & Bishop, net proceeds for consignment No. 25, our commission being 6%.

Remit to N. A. Nicodemus net proceeds for consignment No. 26, our commission being 6%.

Remit to A. Wilson & Bro. net proceeds of consignment No. 36, our commission being 5% of amount of sales.

Remit to Wm. R. Gilpin, Elkton, Md., net proceeds of consignment No. 37, our commission being 6% of amount of sales.

20.

Receive the following consignments:

John S. Hazard, Shepherdstown, W. Va., 45 baskets peaches, 50 bbls. apples; freight $6, drayage $2.15.

John Gassman, Hagerstown, Md., 130 lbs. butter, 10 cases eggs; freight $3.85, drayage $1.25.

Chas. H. Wilson, Emmittsburg, Md., 365 lbs. chickens; freight $1.75, drayage 45¢.

Frazier & Bishop, Martinsburg, W. Va., 275 bbls. flour; freight $36.75, drayage $5.80, insurance $1.60.

Louis Abel pays his account in full.

Make the following sales:

Wm. Andrae, on %, 125 bbls. flour at $3.15 per bbl. from consignment No. 46; 200 bu. corn at 46¢ per bu. from consignment No. 38; 75 bu. potatoes at 75¢ per bu. from consignment No. 43; 2 tons mill feed at $15 per ton from consignment No. 42.

John Carver, for cash, from consignment No. 46, 75 bbls. flour at $3.15 per bbl.; from consignment No. 38, 475 bu. corn at 46¢ per bu.; from consignment No. 42, 5 tons mill feed at $15 per ton.

Wm. Ortel, for cash, from consignment No. 39, 10 cases eggs, 30 doz. each, at 12¢ per doz.

Remit to George Bowers & Co., net proceeds of consignment No. 38, our commission being 6% on amount of sales.

Remit to Samuel M. Earp net proceeds of consignment No. 39, our commission being 5% on amount of sales.

Remit to Maryland Milling Co., net proceeds of consignment No. 46, our commission being 6% of amount of sales.

Pay salaries, $22.

22.

_____ draws $100 for private use.
(Student's name)

Pay water rent, $6.75.

Pay for letter-heads and bill-heads, $10, for office fixtures, $15.75.

Pay Independent Ice Co.'s bill, $5.75.

Receive the following consignments:

F. C. Grove, 75 lbs. butter, 5 cases eggs; freight $2.75, drayage 45¢.

D. Seigel & Co., 15 crates cantaloupes, 100 watermelons; freight $2.80 drayage, 60¢.

Make the following sales:

Davis Bros., for cash, from consignment No. 41, 25 tons Timothy hay at $16 per ton, 10 tons straw at $6 per ton; and 3 tons mill feed at $15 per ton from consignment No. 42.

Harry Brooke, for cash, 50 bu. potatoes at 75¢ per bu. from consignment No. 43; 10 baskets peaches at $1.50 per basket, from consignment No. 47; 5 bbls. apples at $1.50 per bbl. from consignment No. 47; 5 crates cantaloupes at $1.25 from consignment No. 52.

George Brown, for cash, 164 lbs. ducks at 14¢ per lb., and 336 lbs. chickens at 15¢ per lb., from consignment No. 45.

Miller & Son, on %, 25 baskets peaches at $1.50 per basket and 20 bbls. apples at $1.50 per bbl. from consignment No. 47; 50 lbs. butter at 16¢ per lb. from consignment No. 48.

M. Sanders, for cash, 10 baskets peaches at $1.50 per basket and 25 bbls. apples at $1.50 per bbl. from consignment No. 47.

Frank Meyer, for cash, 80 lbs. butter, at 16¢ per lb., and 10 cases eggs at 12¢ per doz. from consignment No. 48.

Remit to Baker & Co., net proceeds for consignment No. 42, our commission being 6%.

Remit to Christian L. Lampe, net proceeds for consignment No. 45, our commission being 5%.

Remit to John S. Hazard net proceeds for consignment No. 47, our commission being 6%.

Remit to John Gassman, net proceeds of consignment No. 48, our commission being 5%.

Receive from Wm. H. Dill bank draft in full of %.

Sell E. C. Mann, for cash, 25 tons hay at $16 per ton from consignment No. 41.

23.

Receive the following consignments:

W. A. O'Rear, 500 bu. oats, 1,500 bu. wheat; freight $72, insurance $2.25.

Thos. F. Goodwin, Glyndon, Md., 25 crates cantaloupes, 200 watermelons; freight $8.45, drayage $4.25.

Samuel Kennedy, Cherry Run, Md., 267 lbs. chickens, 20 pairs pigeons; expressage $4.50.

Sell to Samuel Elder & Co., for cash, 10 tons hay at $16 per ton, 10 tons straw at $6 per ton from consignment No. 41; 50 bbls. flour at $3.15 per bbl., from consignment No. 50.

Sell to J. F. Norwood, for cash, 12 crates cantaloupes at $1.25, 100 watermelons at $20 per 100 from consignment No. 54.

Sell to James Lake, for cash, 150 bu. oats at 33¢ per bu. from consignment No. 53.

Sell to Katz Bros., on %, 175 bu. potatoes at 75¢ per bu., from consignment No. 43.

Sell to Crawford Woolen Mill Co., for cash, 1,865 lbs. wool at 17¢ per lb., from consignment No. 44.

Sell to Thos. Carpenter, for cash, 13 cases cantaloupes at $1.25 per crate and 100 watermelons at $20 per 100 from consignment No. 54.

Sell to George Brown, for cash, 10 crates cantaloupes at $1.25 per crate, and 100 watermelons at $20 per 100 from consignment No. 52.

Remit to W. W. Wall net proceeds for consignment No. 41, our commission being 6%.
Remit to W. A. McGee net proceeds for consignment No. 43, our commission being 5%.
Remit to J. M. Bronson, net proceeds for consignment No. 44, our commission being 6%.
Remit to D. Seigel & Co., net proceeds for consignment No. 52, our commission being 5%.
Remit to Thos. F. Goodwin, net proceeds for consignment No. 54, our commission being 5%.

24.

Receive the following consignments:
Jones, Robinson & Co., 500 bu. potatoes, 12 bbls. onions; freight $18, drayage $4.60.
Turner & Son, 50 crates cabbage, 25 baskets cucumbers, 10 crates egg plants.
N. A. Nicodemus, 225 baskets peaches.
Sell to Casper Alt, for cash, 365 lbs. chickens at 13¢ per lb., from consignment No. 49; 100 bbls. flour at $3.15 per bbl. from consignment No. 50.
Sell to J. F. Norwood, for cash, 75 bbls. flour at $3.15 per bbl. from consignment No. 50, 75 lbs. butter at 12¢ per lb. and 5 cases eggs at 12¢ per doz. from consignment No. 51.
Sell to Parsons & Co., for cash, 350 bu. oats at 33¢ per bu. from consignment No. 53.
Sell to Louis Abel, for cash, 20 prs. pigeons at 20¢ per pair and 267 lbs. chickens at 13¢ per lb. from consignment No. 55.
Sell to C. A. Gambrill Mfg. Co., on %, 1,500 bu. wheat at 71¢ per bu. from consignment No. 53.
Sell to George Roth, for cash, 125 baskets peaches at $1.50 per basket from consignment No. 58; 25 baskets cucumbers at 75¢ per basket from consignment No. 57, 10 crates egg plants at $2 per crate from consignment No. 57.
Receive from Samuel Elder, $200 on %.

25.

Receive the following consignments:
L. J. Andrews, 265 lbs. chickens, 125 lbs. ducks; freight $3.45; drayage 75¢.
Wm. Lea & Sons, 125 lbs. butter, 10 cases eggs; freight $2.75, drayage 40¢.
D. A. Robinson, 50 tons hay, 500 bu. corn, 40 tons wheat straw; freight $102.30, drayage $10.75; insurance $2.60.
Sell to Henry Brooks, for cash, 25 crates cabbage at 60¢ per crate from consignment No. 57; 100 baskets peaches at $1.20 per basket from consignment No. 58; 100 bu. potatoes at 75¢ per bu. from consignment No. 56.
Sell to W. H. Dill, on %, 125 lbs. butter at 14¢ per lb., 10 cases eggs at 12¢ per doz. from consignment No. 60.
Remit to Chas. H. Wilson, net proceeds consignment No. 49, our commission being 5%.
Remit to F. C. Grove, net proceeds consignment No. 51, our commission being 5%.
Remit to W. A. O'Rear for consignment No. 53, our commission being 6%.
Remit to Samuel Kennedy net proceeds for consignment No. 55, our commission being 5%.
Remit to N. A. Nicodemus net proceeds for consignment No. 58, our commission being 6%.

26.

A. E. Trader draws $75 for private use.
Receive the following consignments:
C. B. Crum, 2,325 bu. wheat, 10 tons mill feed.
F. H. Baker, 10 cases eggs and 125 lbs. butter.
Sell to J. Rosenburg, 50 bbls. flour, for cash, at $3.15 per bbl. from consignment No. 50; 125 lbs. ducks at 13¢ per lb. from consignment No. 59.
Sell to John W. Adams, for cash, 20 tons hay at $16 and 200 bu. corn at 46¢ from consignment No. 61.

Sell to John Carver, for cash, 10 cases eggs at 12¢ per doz., and 125 lbs. butter at 12¢ per lb. from consignment No. 63; 265 lbs. chickens at 13¢ per lb. from consignment No. 59.

Remit to Frazier & Bishop, Martinsburg, W. Va., net proceeds for consignment No. 50, our commission being 6%.

Remit to L. J. Andrews net proceeds for consignment No. 59, our commission being 5%.

Remit to Wm. Lea & Sons, net proceeds for consignment No. 60, our commission being 5%.

Remit to F. H. Baker, net proceeds for consignment No. 63, our commission being 5%.

27.

Sell to Thos. Carpenter, for cash, 100 bu. corn at 46¢ per bu., 5 tons wheat straw at $6 per ton from consignment No. 61.

Sell to Washburn Flour Mill Co., 2,325 bu. wheat at 70¢ per bu. from consignment No. 62.

Pay clerks' salaries, $22.

29.

Receive the following consignments:

R. A. Long, 15 crates cantaloupes, 25 baskets tomatoes.

Maloney & Carter, 300 watermelons, 30 baskets cucumbers.

Wm. R. Gilpin, 25 crates eggs, 230 lbs. butter.

Sell to Chas. H. Brown, for cash, 200 bu. potatoes at 70¢ per bu. from consignment No. 56; 10 crates cantaloupes at $1.20 from consignment No. 64; 10 baskets tomatoes at 90¢ from consignment No. 64.

Sell to John Carter, for cash, 200 bu. potatoes at 70¢ and 12 bbls. onions at 85¢ from consignment No. 56.

Sell to Wm. Andrae, on a/c, 100 watermelons at $20 per 100 from consignment No. 65; 5 crates cantaloupes at $1.20 each from consignment No. 64.

Sell to Miller & Son, on a/c, 15 baskets tomatoes at 90¢ from consignment No. 64.

Remit to R. A. Long, net proceeds for consignment No. 64, our commission being 5%.

30.

Receive the following consignments:

George Bowers & Co., 200 bbls. flour; pay freight $30.85, drayage $5.60, insurance $1.25.

J. G. Haldermann, 200 lbs. butter, 25 cases eggs.

Sell to W. T. Riley, for cash, 10 tons mill feed at $15 per ton from consignment No. 62; 10 tons hay at $16 from consignment No. 61; 8 tons straw at $6 from consignment No. 61.

Sell to Henry Brooke, for cash, 12 crates eggs at 12¢ per doz. and 50 lbs. butter at 16¢ per lb. from consignment No. 66.

Remit to C. B. Crum net proceeds for consignment No. 62, our commission being 6%.

Receive from Albert Lewis, $150 on a/c.

31.

Sell to Wm. Ortel, for cash, 30 baskets cucumbers at 70¢ from consignment No. 65; 13 crates eggs at 12¢ per doz., from consignment No. 66; 25 bbls. flour at $3.15 from consignment No. 67.

Sell to Thos. Goodwin, for cash, 75 lbs. butter at 16¢ and 10 cases eggs at 12¢ per doz. from consignment No. 68.

Receive from Wm. Andrae, check for $300 to apply on a/c.

In closing the books, the student must remember that the goods on hand do not belong to the firm. The inventory on commission will consist of 5% of all sales made for which no Account Sales have been rendered. Allow 5% on store and office fixtures for depreciation. Books and stationery on hand, $25.

WRITTEN TEST NO. 18.

1. Why are goods shipped to be sold on commission not entered in the Sales Book?

2. What is a shipment? To whom sent? When are shipment accounts debited? Credited? Are shipment accounts closed into Loss & Gain account?

3. What is an Account Sales; net proceeds; agent's and principal's accounts? What is a factor?

4. Explain commission business, merchant, consignor, consignee, consignment, broker, trustee.

5. What is a consignment? Who sends it? Why? Who receives it? What is he called?

6. Who is the owner of the consigned goods after they reach the consignee? Why?

7. When is the account opened with a consignment debited? Credited? How closed?

8. Why is no Journal entry made when goods are received? Where is the record made?

9. When and by whom is the Account Sales made, consignor, or consignee? What does it contain?

10. When advances are made on account of a consignment, how is it done and what are the entries on each person's books?

11. Can consignment and shipment accounts be handled the same as personal accounts? In the same Ledger?

12. Why is it necessary to give more space than that afforded in a regular Ledger account in some cases to consignment accounts?

13. Why is it necessary in some cases to enter in the Account Sales and also in the consignment account the names of the persons to whom the goods are sold; also those of the persons to whom we pay any of the charges debited to the consignment?

14. Is the Index a part of the Ledger or may it be separate?

15. What is gained by indexing your Ledger?

16. What is a Vowel Index?

17. Could you keep the Index on cards?

18. In the Ledger of a small business you will soon memorize the pages of the accounts. Could you do this, if you had a ledger holding, say, 1500 accounts?

19. What is a Letter Impression Book. Explain its uses.

20. What is a Commercial Agency's Book. Explain its uses. What is a Commercial Agency? What do you mean by one's rating?

21. Why did you keep the controlling account, called Customers? Could you have taken a Trial Balance of the General Ledger without it's being included?

22. Why do you handle special columns in your books of original entry?

23. Why are you so careful about making an entry in your books before sending out a bill or paying cash?

24. Why do you send out statements to your customers, as soon as you have taken a Trial balance?

25. Why do you not send statements to creditors?

26. You have three columns on your Customers' Ledger cards. How did you use the balance column?

CORPORATION BOOKKEEPING

236. The books of a corporation in most respects are kept just the same as the books for the same business would be kept if the business were owned by an individual or a partnership. The chief point of difference is that instead of a stock account for an individual owner, or separate stock

accounts for each of two or more partners, an account called "Capital Stock" is kept to show the amount of capital invested in the business and various other accounts are kept which are not found in the books of a business belonging to an individual owner or a partnership, such as Unissued Stock account, Subscription account, Treasury Stock, Surplus, Undivided Profits, and Dividend accounts.

CAPITAL STOCK ACCOUNT. UNISSUED STOCK ACCOUNT. SUBSCRIBED STOCK ACCOUNT.

237. In opening books for a new corporation, the capital of which has all been subscribed and paid for at par, the appropriate entry will be—

Cash, Dr. For the par value of the stock sold.
Capital Stock, Cr.

The Capital Stock account will show a credit for the amount of the capital stock sold and the Cash account will show a debit for the amount paid in.

238. If the authorized capital stock has not all been sold and paid for when the books are opened, the entries may be made as above directed, covering only what stock has been subscribed and paid for in full, thus having the Capital Stock account show only the amount of stock that has been subscribed and paid for, or instead of this, the Capital Stock account may be credited with the entire amount of the authorized capital stock and this credit be balanced by debits to two accounts, a debit to the Cash account for the amount of stock subscribed and paid for in full and a debit to Unissued Stock account for the remainder of the capital stock. In this case the proper entries will be,—

Cash, Dr. For the amount of stock subscribed and paid for in full.
Capital Stock, Cr.
Unissued Stock, Dr. For the amount of stock unsold or not paid for in full.
Capital Stock, Cr.

Then the Capital Stock account will show a credit for the entire amount of authorized capital stock; the Cash account will show a debit for the amount of cash paid in and the Unissued Stock Account will show a debit for the amount of unsold capital stock. In the event of no stock being issued, the Capital Stock account will be credited and the Unissued Stock account debited for the entire amount of authorized Capital Stock. However, it is probably the more common practice to follow the first plan and have the Capital Stock account show a credit of only the capital stock that has been sold and paid for and then whenever more of the stock is issued, Capital Stock is credited for the amount and a corresponding debit is made to the appropriate account.

239. If at any time the capital stock of the corporation is increased, the entries for the increase are similar to the entries for the capital stock originally issued.

240. If at the time of the organization of the corporation or when later sales of stock are made, the subscribers are to pay for their stock in installments as is frequently the case, and the Capital Stock account is to show only the amount of stock actually issued, the entries will run as follows:—

Subscribers, Dr. For the par value of the stock subscribed.
Subscribed Stock Account, Cr.

and when any installment on the stock is paid either at the time of making the subscription or at any later date,–

Cash, Dr. For the amount of the payment made.
Subscribers, Cr.

and when full payment has been made by any subscriber for the stock subscribed, the stock is issued to him and the entry made—

Subscribed Stock Account, Dr. For the par value of the stock issued.
Capital Stock account, Cr.

241. Very frequently the capital stock of a new corporation is sold at the beginning below par. In such a case, if the sale is made for cash, the entries will be,—

Cash, Dr. For the amount of cash realized from the sale.
Discount on Stock Sold, Dr. For the difference between the amount received and the par value of the stock.
Capital Stock, Cr. For the par value of the stock sold.

If a sale of stock at a discount is made on the installment plan, the entries will be,—

Subscribers, Dr. For the amount that is to be paid for the stock.
Discount on Stock Sold, Dr. For the difference between the amount that is to be paid for the stock and its par value.
Subscribed Stock account, Cr. For the par value of the stock sold.

Then as the installments are paid,—

Cash, Dr. For the amount paid.
Subscribers, Cr.

and when all of the installments have been paid and the stock is issued,—

Subscribed Stock Account, Dr., For the par value of the stock issued.
Capital Stock, Cr.

242. Sometimes instead of the stock of a new corporation being sold at a discount, one or more shares of stock will be given free with a certain number of shares purchased. In such a case the entries are just the same as in the preceding example, except that an account called "Bonus Stock" is debited in place of the account Discount on Stock Sold.

243. Frequently the stock of a corporation is divided into two classes, called Preferred Stock and Common Stock. In such a case, instead of Capital Stock account, two accounts are kept, a Preferred Stock account and a Common Stock account and the total of these two accounts constitutes the capital stock of the corporation.

244. Sometimes a corporation will accept in payment for stock, property other than cash, such as equipment which will be of value to the corporation. Suppose, for instance, that a corporation is to be formed to conduct a general hauling business and one of the men forming the corporation owns eight two-ton automobile trucks which the incorporators agree will be accepted in payment for $10,000 worth of the stock of the corporation. In this case the entry will be,—

Automobile Trucks, Dr.	$10,000	
Capital Stock, Cr.		$10,000

245. Frequently when a corporation is formed, it takes over a business already in operation and stock of the new corporation is issued to the owner or owners of the business taken over in payment for the property and the interests thus taken over. The things taken over and paid for in stock may include real estate, merchandise or manufactured goods on hand, accounts and notes receivable, machinery, patents, trade secrets, good will or property of any other kind. If the owners of the business that is to be taken over are the incorporators of the new corporation and wish to continue the set of books they have been keeping and wish to issue capital stock for only the amount that their present books show as at that time invested in the business, all that it is necessary to do is to close the books and then to debit the stock account of each member of the firm for the amount of his present worth and credit the Capital Stock account for the same amount. If under the same conditions the corporation desires to open a new set of books, all that it is necessary to do after making the above entries is to transfer all debit and all credit balances from the old books to the new books.

246. If, on the other hand, it is desired to issue to the persons from whom the business is taken over, stock for an amount exceeding their combined present worth, then in that case, some account such as Good-will, or Cost of Property, must be opened and debited for the difference between the total of the present worth of the partners and the total of the par value of the stock

that is to be issued to them. For instance, if A, B, C, D and E are in business together and each has a net investment of $15,000 and they decide to incorporate for $100,000 and to issue all of the stock to themselves, the entries will be,—

A, Dr.	$15,000	
B, Dr.	15,000	
C, Dr.	15,000	
D, Dr.	15,000	
E, Dr.	15,000	
Good-will, Dr.	25,000	
Capital Stock, Cr.		$100,000.

If instead of issuing the entire amount of the capital stock to the five partners, part of it is subscribed for by other persons, the entries for any such subscriptions will be in accordance with the directions hereinbefore given.

247. When an account such as Good-will or Patents or Copy-rights is opened, it is customary to charge off part of the account to Loss and Gain each year until the account is entirely wiped out.

248. The conditions under which corporations are organized and their stock issued, is so varied it would be impossible to illustrate opening entries to meet all conditions, but the under-lying principles are always in accordance with the forms herein given.

249. Most corporations representing investments of any considerable size employ expert accountants or Certified Public Accountants to open their books and also to audit their books periodically.

TREASURY STOCK ACCOUNT.

250. The Treasury Stock account is an account kept for shares of stock that have been issued that are bought back by the corporation and shares that are returned to the Treasury of the corporation by their owners so that they may be resold in order to raise working capital or funds to meet some emergency. If stock is bought back by the corporation for cash, cash should, of course, be credited and Treasury Stock account should be debited for the amount paid. If stock is received through gift or donation Treasury Stock should be debited and a Donated Stock account should be credited for the market value of the stock received. If any of the Treasury Stock is sold, the Treasury Stock account should be credited with the same amount with which this account was debited when the stock was secured, and if more is received for the stock than was charged to the Treasury Stock account at the time the stock was acquired, the Surplus account should be credited with the excess. On the other hand, if less is received for the stock than was charged to the Treasury Stock account at the time the stock was acquired, the Surplus account should be debited with the difference between what is received and what was originally charged. When all of the Treasury Stock has been disposed of, the Treasury Stock account will balance. When the account is not in balance, the amount that the debit side of the account exceeds the credit side, represents the cost or the market value of the Treasury Stock on hand and this is a resource.

251. Treasury Stock does not receive dividends.

252. When the Donated Stock that has been received has been disposed of, the Donated Stock account is closed into the Surplus account by debiting Donated Stock and crediting Surplus for the amount shown in the Donated Stock account.

253. If at any time Treasury Stock is canceled and thus wiped out of existence, the capital stock account must be debited for the par value of the stock canceled. This debit is balanced by a credit to the Treasury Stock account if the Treasury Stock has been entered in this account at par. If the stock when acquired was entered in the Treasury Stock account at less than par

and for that reason the credit to the Treasury Stock account on the cancellation of the stock does not equal the debit to the capital stock account, the Surplus account must be credited with the difference. On the other hand, if the Treasury Stock account, because of the market value of the stock at the time it was acquired, was at that time debited with more than the par value of the stock, at the time of the cancelation of the stock the Surplus account would have to be debited with the difference between the par value of the stock and its book value as shown in the Treasury Stock account.

254. Some corporations use the name Treasury Stock instead of the more accurate title Unissued Stock for the part of their authorized capital stock that has not been issued and accordingly keep the Unissued Stock account under the title of Treasury Stock account.

UNDIVIDED PROFITS ACCOUNT. DIVIDEND ACCOUNT. SURPLUS ACCOUNT.

255. In closing the books, instead of carrying the gain from the Loss and Gain account to the Capital Stock account, an Undivided Profits account is opened, which account is credited with the amount of the net gain. If there is a loss, the Undivided Profits account is debited with the amount of the net loss.

256. A part of the gain is usually distributed among the stockholders as dividends. If this is to be done, a Dividend account is opened and the Undivided Profits account is debited and the Dividend account credited for the amount to be paid out in dividends. When payment of dividends is made to the stockholders the Dividend account is debited and the Cash account credited. The Dividend account should balance after all dividends have been paid to shareholders.

257. A portion (the size of which is determined by the Board of Directors) of the balance remaining to the credit of the Undivided Profits account, is usually carried to a Surplus account by charging the Undivided Profits account and crediting Surplus account with the amount. Should the trade of any year show a net loss, a sufficient portion of the Surplus may be transferred back to the Undivided Profits account to pay the regular dividend. The Journal entry in this case would be to charge Surplus account and credit Undivided Profits account. Should the Surplus, because of continued misfortune, be exhausted, the Surplus account of course can no longer be charged. If it is still desired to pay dividends, perhaps in anticipation of unusual profits in the near future, an account called Deficiency may be charged and Undivided Profits credited with a sufficient figure to pay the desired dividend. The Deficiency account is put on the left hand side of the balance sheet just below the Deferred Assets.

258. Corporations do not usually declare dividends, or reserve Surplus profits equal in the aggregate to the entire gain; consequently, the Undivided Profits account will show a balance on the credit side.

259. It is a common practice for large corporations to reserve sufficient profits each year from division among shareholders to pile up a large surplus, which shows in the credit balance of the Surplus account. The surplus amounts to several millions of dollars in many instances.

RECORD BOOKS.

260. In addition to the books of account, each corporation has certain record books which are usually kept by or under the direction of the secretary of the corporation. Some of the more important books of this class are as follows:

261. **The Minute Book.** In the Minute Book is kept a copy of the by-laws of the corporation and a complete record of all meetings of the stockholders and of the Board of Directors. It is essential that every action taken or authorized by the stockholders or by the Board of Directors be recorded in this book.

262. **The Stock Certificate Book.** The Stock Certificate Book is a book containing printed or engraved certificates of stock along with stubs for record purposes. These certificates contain the name of the corporation, a statement of the authorized capital stock, the number of shares into which the capital stock is divided, the par value of each share and blank spaces for filling in the date on which the certificate is issued, the number of shares for which it is issued, to whom it is issued and the signature of the officers of the corporation issuing the stock,—usually the President and the Secretary of the corporation. The stubs contain printed forms to be filled in, showing on what date each certificate is issued, for how many shares, to whom and from whom the stock is transferred and the number of the stock certificate that is superceded if the new certificate represents the transferring of stock from one holder to another or the surrender of a certificate in place of the new certificate issued. When stock certificates are surrendered as in the case of the transfer of stock from one owner to another, it is a common custom to file the canceled certificate in the stock certificate book by pasting it to its original stub.

263. **The Stock Transfer Journal.** The Stock Transfer Journal is a book in which a record of all transfers of stock is kept. It furnishes a record of all transfers in concise and chronological order. The entries from the Stock Transfer Journal are posted to the Stock Ledger.

264. **The Stock Ledger.** The Stock Ledger shows how many shares of the stock in the corporation are owned by each stockholder and when each stockholder acquired the stock and when he parted with it. If, when the stock is originally issued an account called Capital Stock Issued is opened in the Stock Ledger and as stock is issued each stockholder is credited with the number of shares and the par value of the stock issued to him and the Capital Stock Issued account is debited for the same number of shares and their par value, the record being made either direct from the Stock Certificate book or through the Stock Transfer Journal, and then whenever a stockholder transfers any of his stock, the entry in the Stock Transfer Journal is properly posted, debiting him and crediting the new owner with the stock so transferred, the Stock Ledger will always show in its Capital Stock Issued account, the amount of outstanding Capital Stock and in the accounts of the individual stockholders the number of shares and the par value of the stock owned by each stockholder.

265. **The Dividend Book.** The Dividend Book is a book in which a record is kept of dividends declared, the name of each stockholder and the dates of the payments of the various dividends to each of the stockholders.

THE VOUCHER SYSTEM.

266. In the voucher system, an account called Vouchers Payable takes the place of the controlling account, "Accounts Payable" in the General Ledger. In the handling of items for this system, two books are usually kept, the Voucher Book and the Vouchers Payable Register. (See forms on pages 216 and 218.)

267. The Voucher Book, consists of what are practically Bill-head and check forms bound together, so as to be detachable from a printed stub. When a purchase is made, a form with its attached stub is made out. Unless a transaction is very complicated, the form mentioned shows all the details. When the transaction is very complicated, the invoice received can be numbered, and filed numerically, the number being entered on the form instead of all the items. The stub summarizes the transaction with the additional statement of how the items are to be treated, or names the accounts to be charged, in the books of the paying firm. For instance, suppose a department store is billed for advertising. Upon the arrival of the bill from the newspaper, the voucher form is filled out in detail, the voucher stub being also filled out with summarized information, along with the additional statement of how the charge for advertising is to be divided among the different departments of the store. When the amount becomes due, the voucher check is

Voucher No. 176

Baltimore Cotton Duck Co.,

Baltimore, Md.

To Small & Co. Dr. Dr.,

Kenneth Square

$1876.47 Pal

Paid 8/7/19- Check No. 176

Voucher Book

Voucher No. 176

Baltimore Cotton Duck Co.,

Mfrs. of Cotton Duck To Small & Co.

118 N. Charles St., Baltimore, Md. Kenneth Square

Terms 2/10 net 30 days Pal

Account	Date 19-							
Mchy.	July 28		As per invoice #97	1876	47		
			2% discount	37	53		
						1838	94

Charged to

Cotton		
Paper		
Oil		
Plant		
Machinery	1876	47
Mill Fixtures		
Tools		
New Parts and Repairs		
Office Fixtures		
Labor		
Salaries		
General Expenses		
Teams		

Extensions and distribution OK A B Student Bookkeeper

Prices OK A E Trader Buyer

Receipt of Goods OK R B Parker Rec Clerk

Approved by

W. D. Raymond

Manager

No. 176 Baltimore, Md. 8/7/19-

Pay to the order of COLLEGE BANK.

Small & Co

Eighteen hundred, thirty-eight 94/100 Dollars

$1838.94

Baltimore Cotton Duck Co.,

by W. D. Raymond

Manager.

mailed in payment. The presence of a voucher, undetached, in the Voucher Book shows that the bill summarized on it has not been paid, for the voucher-checks are torn from the stubs as rapidly as they are due and are sent to the creditor, so you see the book corresponds with the controlling account, "Vouchers Payable" account, when you take it as a whole. The sum of the amounts on the undetached vouchers in the Voucher Book equals the balance of the "Vouchers Payable" account in the General Ledger. Consult the accompanying forms. When the Voucher System was first introduced the vouchers did not contain check forms but now with most businesses using the voucher system, the vouchers take the place of the common form of bank check, the voucher containing a clause ordering a bank to pay the amount of the bill just like an ordinary check does. (See form of Voucher Book page 216.) This is convenient for the counting room, for a receipt in the form of a check indorsement is then on the voucher's back, and no dispute as to the particular items covered by the payment can possibly arise. Another advantage to business men is that the voucher combined with the check makes the voucher system much more easy to keep up as all of the vouchers must come back being checks which are, of course, passed through the bank and eventually back to the house issuing them. We will use this form in our work in the following set.

268. The Voucher Register (See form given herewith) is written directly from the Voucher Book showing details and divisions of expenditure, allotting the correct part of each payment to the account to which it belongs. At the end of each month the total of the column headed, "Amount," is posted to the credit of Vouchers Payable in the General Ledger and the amounts of the several separate departmental totals are debited to the proper accounts in the General Ledger. The books are in this way kept in balance just as they would be if the posting were done from the Invoice Book or from the Journal. The Voucher Register, however, permits of a more extensive subdivision of the charges to different business accounts than is permitted by the Invoice Book or ordinary Columnar Journal. A few items for which no special columns are provided, will need to be posted individually. Columns are provided only for those special heads under which frequent purchases are made. If only one or two purchases are made during the month, it would be folly to maintain a special column for that head. For these infrequent purchases a miscellaneous column is provided in the Voucher Register, headed "Miscellaneous Accounts to be Charged."

269. When payments are made, Vouchers Payable account is charged through the Cash Book. The credit balance of the account in the General Ledger, therefore, should always agree, not only with the sum of the amounts on undetached vouchers in the Voucher Book, but with the sum of the unpaid items in the Voucher Register.

SET 10.

JAN. 1, 19—, (TUESDAY).

A corporation is organized Jan. 1, 19—, with a capital of $200,000. This corporation is to be known as the Baltimore Cotton Duck Co. and has been organized for the purpose of manufacturing cotton duck. Seventy-five per cent. of the stock has been subscribed by the following persons: J. L. Housel, $25,000; Henry A. Stewart, $20,000; J. S. Waream, $18,000; Jas. F. Clark, $12,000; John Craig, $10,000; R. P. Poltz, $10,000; Addision G. Mitchell, $10,000; P. J. Morgan, $8,000; Walter L. Sherman, $8,000; E. L. Burriss, $6,000; F. L. Cross, $5,000; W. A. Gallup, $18,000.

Twenty-five per cent. of each of the above subscriptions has been paid in cash. The remainder is to be paid in three equal installments in one, two, and three months respectively.

VOUCHER REGISTER

To Whom Issued	No.	Bill			Paid		Vouchers Payable Cr.		Vouchers Returned When	Departments to be Charged								Miscellaneous Accounts to be Charged			
		Date	Terms	Due	When	How				Cotton		Paper		Oil		Mill Fixtures		Name of Account	L. F.	Amount	
Hampton Bros	1	1/2	2/10 M 30	2/1	1/12	1	12.00	—	1/17							12.00					
Jones Mfg Co	2	1/3	M/30	2/2			850	—		850	—										
Scott Paper Co	3	1/5	1/10 M 60	3/6	1/15	2	200	—	1/19			200	—								
Atlantic Refg Co	4	1/8	M/10	1/18	1/18	3	50	—	1/20					50	—						
Hooper Mchy Co	5	1/11	M/30	2/10			600	—										Mchy	49	600	—

3.

Buy of Telfair W. Marriott, a building in Woodbury for $10,000 giving him a check for $3,000, a first mortgage upon the property for $5,500 to run three years, and our note at sixty days for the remainder. Interest upon the mortgage and the note is to be at 6%.

270. In a manufacturing business, we do not keep a Merchandise account, but in place of it we open the following group accounts: Income from Operations, Cost of Goods Sold (Turnover), Selling Expense, Administrative Charges, Income from Other Sources, Profit and Loss Charges, and Inventory Account.

271. Separate accounts are opened for each article used in manufacturing, and the cost of conducting the business is ordinarily shown under the headings of these accounts.

In this set besides the necessary corporation accounts and the group accounts named above, we will use the following accounts:—Real Estate, Mortgage Receivable, Mortgage Payable, Bills Receivable, Bills Payable, Office Furniture and Fixtures, Machinery, Mill Fixtures, Tools, Teams and Auto Trucks, Stable and Garage Expenses, Repairs and Renewals—Machinery, Repairs and Renewals—Other than Machinery, Heat, Light, and Power, Insurance, Advertising, Postage, Freight Inward, Freight Outward, General Expense, Oil Purchases, Cotton Purchases, Paper Purchases, Cash Discount on Purchases, Wages, Salaries, Manufactured Goods Sold, Waste Goods Sold, Cash Discount on Sales, Reserve for Bad and Doubtful Accounts, Reserve for Depreciation on Machinery, Reserve for Depreciation on Mill Fixtures, Reserve for Other Depreciation.

272. Arrange those accounts of the above list which will appear upon the Balance Sheet in one group and those which will appear upon the Income and Profit and Loss Statement in a second division, each following directly after the group account to which it belongs and into which it will be closed at closing time. (See form of Statement of Income and Profit and Loss, and form of Balance Sheet.)

If accounts are arranged in the proper order or sequence, the making of financial statements at any time is, comparatively speaking, an easy matter.

Freight and Express, Office Furniture and Fixtures, Insurance, Oil, Fuel, Interest and Discount, Discount on Finished Goods, Discount on Cotton, Lost Accounts and Notes, Teams Expense, Discount on Paper, Discount on Mill Fixtures, Discount on Oil, Tools, New Parts and Repairs.

272. In closing the books, discount on cotton is closed into the Cotton account, after which Cotton account, Wages, Waste, Paper, Oil, Fuel, Freight and Express, Insurance, and Discount on Manufactured Goods, etc., are closed into Manufacturing account. This account is then closed into the Trading account, which, according to the statement at the end of this set, is closed into Profit and Loss account.

Use the Voucher System. Make all payments by voucher checks.

5.

Buy of National Machine Co., Philadelphia, Pa., Looms, Cards, Spindles, etc., amounting to $4,257,68; Machinery, Shafting, Pulleys, etc., $485, paying cash for same. (This last item comes under the head of Fixtures.)

8.

Buy of Cushing & Co., for cash, blank-books, pencils, pens, ink, amounting to $52.65.

Buy of Underwood Typewriter Co., for cash, one typewriter, $100, three desks, $150, five chairs, $25, letter copying press, $12, mimeograph, $38.50.

11.

Pay Williams & Wilkins for note, bill and letter heads, $126.50.

Receive from Baldwin & Co., Philadelphia, boiler, engine, steam-heating plant and connections, and give our check for their bill, $3,850. (Debit Plant Acct.)

Pay freight to date, P. R. R., $268.54. Charge one-half of this amount to Plant and one-half to Machinery, as it properly represents a part of their cost.

15.

Buy, for cash, from Miller Safe & Lock Co., of Baltimore, 1 safe, $365.

Pay Standard Oil Co., for 1 bbl. machine oil, $18.75.

Take out insurance policies on building and contents, $30,000. Pay premium, ½%, in cash.

Buy of Brown Bros., Providence, R. I., 1 driving belt, for cash, $100.

Pay Baltimore Machine Co., for setting machinery, $123.50, for putting in fixtures, $53.25, installing plant, $250.

Give check for linoleum for office, $42.50.

Pay Davis Coal Co., for 80 tons coal at $3.75 per ton.

23.

Receive from Ealdman & Co., Baltimore, 25 bales, 12,875 lbs., cotton, at 7½¢ per lb., terms, N/30.

Pay Baltimore Transfer Co. for hauling machinery, $78.25.

26.

Buy, for cash, 8 horses, $720, two wagons, $186, two carts, $48.

Pay telephone rent, $48.

Pay for stamps, $10.

Pay for electric clock with connections, $85.

FEB. 1.

Receive from all subscribers to capital stock cash for installment No. 2, 25% of amount subscribed.

Dispose of $5,000 worth of Unissued Stock by subscription to J. J. Hill.

Mr. Hill pays first two installments, 50% of amount subscribed.

Buy from John Hopkins Oil Co., 1 bbl. tallow, 510 lbs. at 5¢ per lb., 1 bbl. spindle oil, 15½ gals., at 15¢ per gal., terms, 2/10 N/30.

Pay for three months' rent of stable, $60.

Pay for feed, $24.50.

2.

Pay pay-roll for week amounting to $583.60.

Sell to John Wanamaker, Philadelphia, the following bill, at 14½¢ per lb., 2/10, N/30.

5	rolls,	30	in.	No.	10	averaging	86	lbs.	per roll.
4	"	36	"	"	8	"	126	"	" "
4	"	60	"	"	4	"	210	"	" "
2	"	84	"	"	10	"	240	"	" "

Sell to J. B. Claflin Co., New York, on %, 2/10, N/30 at 14½¢ per lb.

10	rolls,	54	in.	No.	6	averaging	223	lbs.	per roll.
4	"	60	"	"	6	"	248	"	" "
1	"	64	"	"	6	"	264	"	" "
10	"	66	"	"	10	"	189	"	" "
10	"	76	"	"	10	"	209	"	" "

4.

Pay cash for 5,000 circulars, $45, and an equal amount for one cent stamps for mailing above circulars.

Receive from Elliott Bros., 19 bales cotton of an average weight of 510 lbs. at 8½¢; terms, 2% discount if paid in 15 days.

6.

Give Baltimore Machine Co. our check to pay for the following articles: blacksmiths' forge, $30, 2 anvils at $10, 1 doz. assorted hammers, $15.60, 50 horse shoes at 8¢, two tubs for cooling irons at $2.25.

Sell Wagner, Willis & Co., terms 15 days, 10 rolls of 76 inch No. 10, 210 lbs. per roll, at 14½¢ per lb.

7.

Buy from Smith, Dixon & Co., 8,000 lbs. jute manilla wrapping paper at ¾¢ per lb., 2/10 N/30.

Sell to J. Spencer Turner, New York, 2/10, N/30, the following bill at 14½¢ per lb.

4	rolls,	76	in.	No.	6	314	lbs.	per	roll.
2	"	80	"	"	6	330	"	"	"
5	"	120	"	"	10	342	"	"	"
4	"	34	"	"	10	97	"	"	"
3	"	50	"	"	6	207	"	"	"

Ship to Murdock Commission Company, Boston, Mass., to be sold on our account and risk, fifty rolls, 84", No. 10, averaging 240 pounds per roll, at 9½¢ per pound.

Sell to Baltimore Waste Co. N/30, 2,425 lbs. waste at 3¼¢ per lb.

Pay cash for putting in automatic sprinkler and fire extinguisher, $250.

Buy of Henderson & Latham, 50 bales cotton of an average weight of 498 lbs. at 7⅞¢, 2/10, N/30.

Pay wages for week, $795.32.

11.

Sell Studebaker Mfg. Co., South Bend, Ind., on their note at 30 days, interest 6%, (with the understanding that if payments are made before note is due, the merchants' rule will be used in finding balance due) the following bill at 14½¢ per lb.:

20	rolls,	54	in.	No.	6	averaging	223	lbs.	per roll.
10	"	76	"	"	10	"	210	"	" "
20	"	60	"	"	6	"	249	"	" "
5	"	64	"	"	6	"	264	"	" "
25	"	66	"	"	10	"	190	"	" "

Buy from Turnbull & Norris, 2/10, N/30, 100 bales cotton weighing 496 lbs. each at 7¢ per lb.

12.

Buy from Brown Bros., Providence, R. I., on %, 2/10, N/30, 300 ft. 2½ in. double belting at 10¢, 200 ft. 2 in. single belting at 4¢.

Pay John Hopkins Oil Co. for bill of 1st, less discount.

Receive cash from John Wanamaker for bill of 2nd instant less discount.

13.

Sell to J. B. Claflin Co., N/30, at 14½¢ per lb., the following bill:

10	rolls,	30	in.	No.	10	averaging	85	lbs. per roll.
4	"	84	"	"	10	"	240	" " "
5	"	36	"	"	8	"	126	" " "
6	"	60	"	"	4	"	210	" " "

Pay Elliott Bros. for bill of 4th, less discount.

Pay for fire escape, and for erecting same, $360.

Pay for 6 tons hay, $108, 50 bu. oats, $20.

15.

Take 300 feet canvas belting to use on your own machinery. (The material in this belt is worth 30¢ a ft., and you will have to pay 3¢ a ft. cash to have it made.)

Pay $3 for having our boiler inspected.

Receive of J. B. Claflin Co., on %, $350.

Pay cash for new parts to looms, $6.50.

16.

Pay wages for week, $601.68.

18.

Pay Henderson & Latham for bill of 9th, less discount.

Sell John Wanamaker, 2/10, N/30, at 14½¢ per lb., the following bill:

10	rolls,	76	in.	No.	6	averaging	314	lbs. per roll.
3	"	80	"	"	6	"	330	" " "
5	"	120	"	"	10	"	342	" " "
10	"	34	"	"	10	"	97	" " "

Pay Smith, Dixon & Co. for bill of the 7th less discount.

Buy bill of wrapping paper of Smith, Dixon & Co., for cash, $50.

Receive from Baltimore Waste Co., check in full of account.

19.

Ship to Higgs Commission Company, Brokers, Chicago. Ill., to be sold on our account and risk, one hundred rolls, 80″, No. 6, averaging 330 pounds per roll at 9½¢.

20.

Sell J. B. Claflin Co., N/30 the following bill at 14½¢ per lb:

8	rolls,	54	in.	No.	6	averaging	223	lbs. per roll.
5	"	60	"	"	6	"	248	" " "
10	"	64	"	"	6	"	264	" " "
12	"	76	"	"	10	"	209	" " "

Pay Brown Bros. for bill of 11th, less discount.

Pay $125 to have smoke stack painted.

Pay J. Frank Eline, $300 for installing dynamo in our building to furnish electricity for lighting, ringing bells, etc.

Pay McKay Engineering Co. for wiring bells, incandescent lamps, fixtures, etc., $85.75.

Pay Turnbull & Norris for bill of 11th, less discount.

Receive Account Sales from Murdock Commission Company (Shipment No. 1, Murdock Commission Company), Boston, Mass., showing our net proceeds to be $1250.00. They enclose a Bank Draft for the amount.

23.

Sell to J. Spencer Turner, 2/10, N/30, at 14½¢ per lb.:

8	rolls,	54	in.	No.	6	averaging	223	lbs. per roll.
5	"	36	"	"	8	"	126	" " "
6	"	60	"	"	8	"	210	" " "
5	"	84	"	"	10	"	240	" " "

Receive from J. B. Claflin Co., on %, their note at 30 days, interest 6% for $1,000.

Pay Ealdman & Co., in full of account.

Pay wages for week, $636.54.

25.

Pay for postage stamps, $10.

Pay cash for 2 bbls., 51 gals. each, machine oil at 16¢ per gal.

Receive from Studebaker Mfg. Co., to apply on their note of the 11th instant, $250.

26.

Buy of Elliott Bros., 50 bales cotton, average weight 504 lbs. each, at 7¢ per lb., 2/10, N/30.

27.

Wagner, Willis & Co. several days ago made an assignment in favor of their creditors. Their business has been disposed of so as to pay 75¢ on the dollar on their indebtedness, which amount we accept in full settlement of their account due us.

Sell Baltimore Waste Co., 1,378 lbs. waste at 3½¢ per lb., terms, 2/10, N/30.

28.

J. Spencer Turner pays his account in full less discount to which he is entitled.

Sell J. B. Claflin Co., N/30, at 14½¢ per lb.:

8	rolls,	76	in.	No.	10	averaging	209	lbs. per roll.
20	"	66	"	"	10	"	189	" " "
12	"	84	"	"	10	"	240	" " "
8	"	60	"	"	4	"	210	" " "

Receive check from John Wanamaker for bill of the 18th, less discount.

MARCH 1.

Receive from all subscribers to capital stock cash for installment No. 3.

Albert J. Swan has subscribed for $25,000 worth of Stock, paying the first three installments by giving his check for $5,000, and first mortgage on his property at No. 412 Calhoun St., for the balance.

Pay for repairs to machinery $22.60, and for new parts, $128.75.

Pay freight bills, $10.75.

2.

Pay pay-roll for week, $649.70.

Buy of Baldwin Co., Philadelphia, a steam boiler to be used in addition to the one we now have, paying cash, $300.

Pay for horse feed, $68.50.

4.

Receive an Account Sales from Higgs Commission Company (Shipment No. 2, Higgs Commission Company), Chicago, Ill., showing our net proceeds to be $3100.00. They enclose a Cashier's Check for the amount.

Sell to John Wanamaker, 2/10, N/30, at 14½¢ per lb.:

10	rolls,	120	in.	No.	10	averaging	342	lbs.	per roll.
7	"	34	"	"	10	"	97	"	" "
8	"	50	"	"	6	"	207	"	" "
5	"	60	"	"	4	"	210	"	" "

6.

Sell to Marshall, Field & Co., Chicago, 2/10, N/30, at 14½¢ per lb.:

5	rolls,	120	in.	No.	10	averaging	342	lbs.	per roll.
12	"	50	"	"	6	"	207	"	" "
15	"	54	"	"	6	"	223	"	" "
5	"	60	"	"	6	"	248	"	" "

Sell to Baltimore Waste Co., 5,000 lbs. waste at 3¼¢, 2/10, N/30.

Sell to Gimbel Bros., Philadelphia, 2/10, N/30, at 14½¢ per lb.:

16	rolls,	36	in.	No.	8	averaging	126	lbs.	per roll.
14	"	60	"	"	4	"	210	"	" "
6	"	84	"	"	10	"	240	"	" "
12	"	54	"	"	6	"	223	"	" "

7.

Buy from Telfair W. Marriott, 5 acres land adjoining our mill property, on which to erect houses for the use of our employees, paying cash, $6,000.

8.

Sell to J. B. Claflin Co., 2/10, N/30, at 14½¢ per lb.:

3	rolls,	76	in.	No.	6	averaging	314	lbs.	per roll.
5	"	80	"	"	6	"	330	"	" "
4	"	120	"	"	10	"	342	"	" "
6	"	60	"	"	4	"	210	"	" "
5	"	36	"	"	8	"	126	"	" "

9.

Pay roll for week amounts to $660.01.

Receive balance due on Studebaker Manufacturing Company's note. (Find balance by merchants' rule for partial payments.)

It has been decided to close the books at this time to ascertain whether or not we have been conducting a paying business. We find that we have the following resources and liabilities besides the personal accounts, cash, bills receivable and bills payable:

30 bales cotton, average weight, 500 lbs., worth 7¢ per lb.

5000 lbs. duck which we estimate to be worth 13¢ per lb.

We allow 1% for wear on the mill fixtures, also 1% for depreciation on tools.

Machinery worth its cost, exclusive of repairs or new parts.

Real Estate worth its cost.

Teams, $950.

Fuel, $115.

Office furniture and fixtures worth 5% less than cost.

Interest due us on one note and interest payable on one note.

Insurance unexpired, $110.

Wrapping paper, $25.

Oil, $15.

Waste, $30.

Salary owed to the manager $400.

Create a Reserve of $200 out of profits to take care of losses on doubtful and bad accounts.

After closing the books and prior to making the second trial balance, make the proper entries for $2000, invested today in United Railways Bonds at 100. Charge the amount to Sinking Fund.

You may, after having closed your Ledger, write answers to the following questions:

At what per cent. of gain were goods sold?

What per cent. of total cost of manufacture was cost of cotton?

What per cent. of total cost of manufacture was wages?

Have we (in your estimation) been conducting a profitable business, considering the amount of capital invested, and the risk incident to carrying on such business?

Take a Trial Balance.

INCOME AND PROFIT AND LOSS STATEMENTS (See illustration, pages 226 and 227).

273. A statement of Income and Profit and Loss begins with the gross sales. From this figure is deducted the returns, also all allowances made to customers for defective goods and for breakage and other damages and losses. A proportion or percentage of the stable and garage expense and outward freight should also be deducted at this point. The result gives us the net income from sales.

The next thing is to find the cost of bringing in this income. This is called figuring the cost of goods sold or the "Turnover." We begin in this group with the gross outlay in respect of all Materials and Supplies purchased. Next the returns are deducted which gives us the net purchases. To this figure is added a proportion of the stable and garage expense and the inward freight, also the expense of running the purchasing department. The result is the total cost of purchases. From this figure is deducted all allowances made to us in respect of breakage and other damages. We next apply to this result the difference between the opening and closing inventories, and get as the outcome, the cost of materials and supplies consumed in manufacturing. The following items are next added,—Direct Labor and Factory Expense the latter covering superintendence, indirect labor, salaries of factory clerks, factory office expense, heat, light and power, factory supplies, repairs and renewals, depreciation of machinery, etc., etc. The result now is the total manu-

Philadelphia Manufacturing Company

Statement of Income and Profit and Loss for Month Ending September 30, 19--

Sheet 1.

Income:-					
From operation:					
Gross sales				53284	60
Less returns				317	60
Net Sales				52967	00
Deductions from sales:					
Sales allowances		94	10		
Outward freight and cartage		490	30		
Proportion of stable and garage expense		234	70		
Total deductions				819	10
Income from sales				52147	90
Cost of goods sold:					
Manufacturing Cost (factory cost):					
Gross purchases		20725	30		
Less returns		42	70		
Net purchases		20682	60		
Add:					
Inward freight and cartage	200.00				
Duty	300.00				
Proportion stable and garage exp.	200.00				
Labor--storage dept.	300.00				
Total additions		1000	00		
Total cost of purchases		21682	60		
Deductions from purchases:					
Allowances	27.50				
Total Deductions		27	50		
Net cost of purchases		21655	10		
Deduct increase in inventory of materials and supplies		2788	70		
Cost of purchases consumed in mfg.		18866	40		
Manufacturing supplies		214	60		
Labor		13076	90		
Superintendence		1300	00		
Heat, light and power		80	00		
Repairs to machinery		42	70		
Other repairs and renewals		20	00		
Provision for depreciation on Bldgs. and equip.		1000	00		
Office salaries--factory		375	00		
Office expenses-- "		98	60		
Miscellaneous factory expense		120	70		
Total charge to manufacturing		36549	90		
Add decrease in inventory of goods in process		1111	50		
Manufacturing or factory cost		37661	40		
Deduct increase in inventory of finished goods		1605	80		
Total cost of mfg. goods sold (Turnover)				36055	60
Gross profit on sales (For'd)				16092	30

Sheet 2.

Forward (Gross Profit on Sales)			16092	80
Selling expense:				
Salaries of salesmen	1579	30		
Traveling expense of salesmen	421	10		
Commissions to salesmen	535	50		
Advertising	2096	00		
Total selling expense			4631	90
Selling profit			11460	40
Administrative expense.				
Salaries of officers	300	00		
Salaries of general office clerks	200	00		
Stationery and printing expense	8	50		
Postage expense	16	30		
Telephone and Telegraph	18	75		
General office expense	100	00		
Legal expense	75	00		
General expense	115	45		
Total administrative expense			834	00
Net profit on sales--income from operation			10626	40
From sources other than operation:				
Income from securities owned	250	00		
Interest on bank balance	53	70		
Rent on factory sheds	30	00		
Interest on notes receivable	22	20		
Cash discount on purchases	459	90		
Total other income			815	80
Income from operation and other sources			11442	20
Deductions from income:				
Interest on bonds and mortgage payable	300	00		
Interest on first mortgage bonds payable	600	00		
Interest on notes payable	300	00		
Cash discount on sales	238	90		
Rent	400	00		
Taxes	337	90		
Insurance	218	40		
Royalty Expense	100	00		
Total deductions from income			2495	20
Total net income from all sources--Profit and Loss			8947	00
Profit and Loss charges:				
Provision for depreciation, furniture and fixtures	200	00		
Provision for doubtful accounts	200	00		
Good-will--written off	500	00		
Organization expense--written off	500	00		
Discount on bonds--written off	200	00		
Patents--written off	149	00		
Provision for redemption of bonds	400	00		
Total Profit and Loss charges			2149	00
Profit and Loss for the period--credit to Surplus			6798	00
Dividend declared--charge to Surplus			3600	00
Net credit to Surplus for period ending Sept. 30, 19--			3198	00

facturing cost. We next apply the increase or decrease in the inventory of the goods in process, also the increase or decrease in the inventory of finished goods. Our result now is the actual and total cost of sales. Deducting this from the net income from sales, gives us the gross profit on the manufactured goods which have been sold.

From this result we next deduct the selling expenses as follows,—salaries, traveling expense, commissions, advertising, entertainment of customers, office expenses, etc., etc.

Next in order is deducted the administrative expense, such as,—salaries of officers, salaries of general office clerks, stationery and printing expense, postage, telephone, telegraph, general office expense, legal expense, general expense, directors' fees, traveling expenses of officers and clerks. Result,—Net profit on sales—income from plant operation.

To this vitally important result, we next add all items of income from sources other than from operating the plant. Some of these are,—

Interest on bonds owned
Dividends on stocks owned
Interest receivable on bonds and mortgages
Cash discount on purchases
Interest on bank balances
Interest on notes and acceptances receivable
Rent (receivable)
Royalties (")
Commissions (")
Accumulation on bonds bought below par.

Next are subtracted the deductions from income, as follows,—

Interest on bonds and mortgage payable
Interest on accounts payable
Interest on loans and notes payable
Cash discount on sales
Rent (payable)
Insurance
Taxes
Royalties (payable).

Next are deducted the profit and loss charges as follows,—

Provision for depreciation—buildings and equipment
Provision for doubtful accounts
Provision for depreciation—furniture and fixtures
Good-will—written off
Organization expense—written off
Discount on bonds—written off
Patents—written off.

Whatever is left is now charged to Profit and Loss account and credited to Surplus account.

The Surplus account is next charged with the amount of any dividend that the directors may decide to declare, Dividends account being credited at the same time.

Whatever is left in Surplus stands as a credit balance and appears on the liability side of the Balance Sheet.

When constructing the statement of Income and Profit and Loss, create a Reserve for Unexpected Renewals to take care of more than ordinarily serious machinery breakdowns. Add to this reserve by charging off a portion of the net profits to it at the end of each fiscal period. The rate will be 3% of the present value of machinery. In the same manner create a Reserve for Depreciation, the rate being 4%, based upon the present value of plant, machinery, and other fixed assets.

MANUFACTURING STATEMENT, TRADING STATEMENT, AND PROFIT AND LOSS STATEMENT

274. Some accountants instead of using the form of Income and Profit and Loss statement outlined in Article 273 and illustrated on pages 226 and 227, arrive at the same result by constructing a Manufacturing Statement, a Trading Statement and a Profit and Loss statement such as are illustrated on pages 230 to 232.

The Manufacturing Statement shows the cost of making the goods (the factory cost), up to the time they are completed and ready for sale.

The balance of the Manufacturing Statement, which shows the cost of the goods made plus the money expended upon goods partly made (in process), is carried down to the debit side of a Trading Statement, which shows the cost of manufacture plus the cost or expense of selling, collecting, running an office and all the losses and profits incidental to the headings mentioned,—e.g. freights outward, cost of maintaining a shipping department, defalcations of collectors or other employes, commissions paid to special collectors, legal fees, office rent, cost of administration and general expense.

Up to this time, we have dealt only with outlay or cost. On the credit side of the Trading Statement is placed the net amount of sales. This figure represents income. The difference between the columns, if on the credit side, is carried down to the credit side of a Profit and Loss Statement, as Undivided Profit. The debit side of the Profit and Loss Statement shows the provisions made for the various reserves considered vitally important by up-to-date managers and the apportioning of profits—part as a periodic Dividend and part as carried to a Surplus account or other similar accounts. The remainder or balance of the Profit and Loss Statement, which is also the balance of the Loss and Gain account in the Ledger, is carried down to Undivided Profits.

When this form of statement is used, as in the case of the other form of statement, reserves should be created to care for unexpected renewals necessitated by more than ordinarily serious breakdowns of machinery, for depreciation of plant, machinery and other fixed assets, and for bad and doubtful debts.

Manufacturing Costs Statement for
Fiscal Period Ending March 9, 19--

Section 1. Mar. 11, 19--

20	Cotton, outlay,	20000.-		
	Less disct. allowed,	300.-		
	Net cost of cotton,		19700.-	
	Cotton on hand 3/9/19--,		1000.-	
"	" consumed during the period,			18700
30	Paper, outlay,	400.-		
	Less disct. allowed,	10.-		
	Net cost of paper,		390.-	
	Paper on hand 3/9/19--,		100.-	
	" consumed during the period,			290
40	Oil, outlay,	100.-		
	Less disct. allowed,	1.-		
	Net cost of oil,		99.-	
	Oil on hand 3/9/19--,		10.-	
	" consumed during the period,			89
50	Fuel, outlay,		600.-	
	" on hand 3/9/19--,		100.-	
	" consumed during the period,			500
60	Mill Fixtures, outlay,	2000.-		
	Less disct. allowed,	10.-		
	Net cost of fixtures,		1990.-	
	Mill inventory, 3/9/19--,		1900.-	
	" depreciation,			90
70	Teams, outlay,	2000.-		
	" inventory, 3/9/19--,	1800.-		
	" depreciation and upkeep,			200
80	Tools, outlay,	100.-		
	" inventory,	90.-		
	" depreciation,			10
90	Office Fixtures, outlay,	1000.-		
	" " inventory,	990.-		
	" " depreciation,			10
100	Insurance, outlay,	200.-		
	" unexpired,	100.-		
	" expired or consumed,			100
110	Wages up to and including week ending Mon., 3/4/19--, outlay,	3500.-		
	Wages for 5 days, owing- unpaid outlay,	500.-		
	Total "			4000
			Forward	23989

			Brought Forward		23989		
120	Freight and Express, outlay				100		
	New Parts and Repairs, "				200		
	Total cost of manufacturing,				24289		
	Gross costs to Trading Statement (Section 2)					24289	
					24289	24289	

Trading Statement for

Section 2. Fiscal Period Ending March 9, 19--.

	Income.					
220	Manufacturing, Sales,	50000.-				
140	Less Disct. allowed	1000.-				
	Net sales for period ending 3/9/19--		49000			
	Finished goods on hand 3/9/19--		10000			
	Finished goods, output		59000			
150	Waste, sales, period ending 3/9/19--	200.-				
	" on hand, 3/9/19--,	100.-				
	" output		300			
	Factory output for fiscal period,					59300
170	Profit on shipment of goods sold on commission					100
						59400
	Expenditure					
	Cost of manufacturing from Manufacturing Cost Statement (Section 1)				24289	
190	General Expenses, (administration, etc.) outlay,				10000	
210	Lost Accounts and Notes, uncollectible claims				1000	
230	Int. and Disct. owing others (liability inventory),		100.			
	" " " owing us, (resource inventory)	10.-				
	" " " allowed us	30.-				
	" " " total income		40.			
	" " " net expenditure				60	
	Total Expenditure for period ending 3/9/19--				35349	
	Net profits from trading to Statement of Profits and Losses (Section 3).				24051	
					59400	59400

Statement of Profit and Loss Account

Section 3. for Fiscal Period ending March 9, 19--.

	Net profit from trading from Trading Statement (Section 2)				24051
	Losses				
240	Reserve for Bad and Doubtful Debts (2% on accounts receivable)	400			
250	Reserve for Unexpected Renewals (3% based on present value of machinery and plant)	500			
270	Reserve for Depreciation (4% based on present value of plant, machinery, etc.)	2000			
	Net Gain Apportioned				
280	Dividend (1½% on issued stock)	8000			
300	Surplus-profits reserved from division among shareholders	10000			
	Undivided profits	3151			
		24051		24051	

BALANCE SHEETS.

275. A double entry set of books, through the Trial Balance, before the books are closed, shows four important elements in accounting, namely,—resources and liabilities, profits and losses. Closing the books cuts out two of these elements, namely,—the profits and losses. A Trial Balance taken after closing the books contains a list of accounts, showing only resources and liabilities. From the Second Trial Balance we will construct our Balance Sheet. The student will rule up a sheet of paper like the one shown on page 233, and following the form given, construct a Balance Sheet for presentation to the Board of Directors of the company.

276. On the left hand side of the sheet we will list the assets in the order of their permanency.

FIXED ASSETS.

277. Under this heading will be listed assets of a fixed nature, ones that will not be converted into money while the business exists, because the concern needs these assets to go ahead with its work. Examples: lands, buildings, plant, machinery, mill fixtures, tools, office fixtures, vats, wells, canals, mines, tunnels, etc.

AVAILABLE ASSETS.

278. Under this heading will be listed assets of an easily convertible nature, ones which can be turned easily and readily into money. The success, and, in fact, existence of a concern depends upon the quickness of these assets, or the concern's ability to get ready money out of them at the proper time. Examples: cash, accounts receivable, bills receivable, mortgage receivable, finished goods, material on hand, oil, paper, fuel, interest accrued, etc.

Balance Sheet of
The Baltimore Cotton Duck Co.,
for the Fiscal Period Ending March 11th, 19--.

ASSETS

Fixed Assets,		
Real Estate (as per books)	xxxx.xx	
Buildings	xxxx.xx	
Machinery	xxxx.xx	
Plant	xxxx.xx	
Mill Fixtures (after writing off 1%)	xxx.xx	
Tools (after writing off 1%)	xx.xx	
Office Fixtures (after writing off 5%)	xxx.xx	
Teams (per inventory)	xxx.xx	
Total Fixed Assets		xxxxx.xx
Available Assets,		
Bills Receivable	xxxx.xx	
Mortgage "	xxxx.xx	
Accts. "	xxxx.xx	
Cash in office xxxx		
" " College Bank xxxx.xx	xxxx.xx	
Finished Goods (Factory Cost)	xxxx.xx	
Cotton	xxxx.xx	
Oil	xxx.xx	
Paper	xxx.xx	
Fuel	xxx.xx	
Waste	xxx.xx	
Insurance (paid in advance)	xx.xx	
Interest (accrued)	x.xx	
Total Available Assets		xxxxx.xx
Deferred Assets,		
Reserve Fund (to pay off mortgage)	xxxx.xx	
Due from Shareholders	xxxxx.xx	
Total Deferred Assets		xxxxx.xx
		xxxxxx.xx

LIABILITIES

Capital Stock,		
Authorized 2000 shares of $100 each.		
Subscribed and 75% paid,		
1800 shares common stock @ $100		xxxxx.xx
Mortgages,		
First mortgage on mill		xxxx.xx
Current Liabilities,		
Bills Payable (unsecured)	xxxx.xx	
Accounts " "	xxxx.xx	
Unpaid Wages (5 days)	xxx.xx	
" Dividend (1½ on Issued Stock)	xxxx.xx	
Interest (accrued on note and mortgage)	xx.xx	
Total Current Liabilities		xxxxx.xx
Reserves,		
Reserve for Bad and Doubtful Debts.	xxx.xx	
" " Depreciation	xxx.xx	
" " Unexpected Renewals	xxx.xx	
Total Reserves		xxxx.xx
Surplus,		
Reserved to strengthen the concern and equalize the dividend payable in the future		xxxx.xx
Undivided Profits,		
Amount remaining after all provisions have been made		xxx.xx
		xxxxxx.xx

DEFERRED ASSETS.

279. Under this heading will be listed assets of a nature which makes it difficult to turn them quickly into cash at any time, especially in the near future. As the name implies, these assets represent values which will some time be received but the cash value of which cannot be secured for present use. Examples: Reserve funds, amounts due from shareholders, unissued stock, treasury stock, etc.

DEFICIENCY.

280. Should the Capital Stock and the Current Liabilities taken together, ever exceed the sum of the assets, the difference will appear upon the asset side of the Balance Sheet, the figure having been charged against Deficiency account. Although not an asset of a nature similar to those mentioned above, it must be listed along with them.

LIABILITIES.

281. The liabilities on the balance sheet of most companies appear on the right-hand side the sheet and are listed as below:

1. Capital stock for the authorized capitalization, showing the number of shares and the par value of each; the number of shares issued of each, common and preferred stock.

2. Bonds and mortgages payable, representing the permanent debt.

3. Current Liabilities, sometimes called Floating Debt. Examples: accounts payable, bills payable, unpaid wages, unpaid dividends, etc.

4. Reserves. The purpose of creating reserves is to give the concern more strength. If all the profits are paid over to shareholders, the business never becomes any stronger, but steadily weaker. The undertaking needs the extra strength, or reserve force, in the event of sudden and unexpected losses, because of the failure, say of several customers (trade debtors), the total breakdown of some important machine, which cripples the plant until it is replaced, or breakdowns caused by depreciation,—wear and tear,—which we have overlooked in our periodic accounting.

5. Surplus. This represents an amount of net profit which has not been paid over to shareholders, but has been reserved to enable us to be sure of paying future dividends which we might not otherwise be able to pay at the end of some fiscal year, because of lack of profits. If a surplus has been created, we will probably always be able to pay dividends each year, even during the bad years when profits are scarce.

6. Undivided Profits. After all provisions have been made (dividends set aside, reserves for bad debts, unexpected renewals, depreciation, etc., have been created, and a surplus also provided for) the figures of net profit remaining is credited to an account called Undivided Profits.

WRITTEN TEST No. 19.

1. Define a Joint Stock Company and show its advantages over a Partnership. Define a Limited Joint Stock Company.

2. What are the liabilities of a member of a Partnership; of a stockholder in an ordinary Joint Stock Company? In a limited Joint Stock Company?

3. What is a Corporation and what are the liabilities of its stockholders?

4. Describe fully the successive steps in the organization of a Corporation.

5. Define surplus, Surplus account, dividend, Dividend account, Issued Stock account, Treasury Stock, Treasury Stock account, Capital Stock, Capital Stock account, Unissued Stock, Unissued Stock account.

6. What are the books needed to show the corporate transactions of a business?

7. Describe a Stock Ledger. With what account in the General Ledger should its balance agree?

8. Describe the Reserve for Bad Debts account and explain when and with what it will be debited and credited.

9. Explain the use of Depreciation account, and show its advantages.

10. What are Public Corporations? Private Corporations?

11. What is a Charter? From whom is it obtained? What does it show?

12. What is a Stock Certificate? Paid-up stock?

13. How does the bookkeeping of an incorporated business differ from that of an individual or a firm (1) as to opening entries, (2) as to closing entries, (3) as to accounts, (4) as to books kept?

14. Describe the change from a Partnership to a Corporation as it shows on the books.

15. Supposing the present worth of the business is now $50,000, could the partners organize a Corporation whose capital stock is $100,000?

16. Describe the bookkeeping required to show a change of this sort, when the same set of books is to be used.

17. What is a Manufacturing account?

18. What items are entered into this account and when?

19. What is an Undivided Profits account, and when used?

20. When is an Undivided Profits account debited and when credited?

21. Why are personal accounts equated?

COST ACCOUNTING.

282. Cost is of vital importance to the manager of any business. The up-to-date accountant has an opportunity in this branch of his profession, to show his real worth.

TRUE COST.

283. True Cost includes, first, direct labor; second, material; and third, expense. The last item will admit of further subdivision and originates from two sources: first, the expense of operating the workshop, mill or factory itself; second the expense of maintaining offices and the cost of administration.

The cost of production, therefore divides itself into the following items.

Direct Labor	xxxx.xx
Material	xxx.xx
Factory Expense	xx.xx
General Expense	xx.xx
Manufacturing Cost	xxxx.xx

SELLING EXPENSE.

284. The selling expense is figured separately when computing cost in large concerns, but when the business is small, the selling expense is generally figured in along with administration, or general expense.

BASIS OF COST ACCOUNTING.

285. In arranging a cost system there must be a basis. The best authorities make that basis, direct labor, as the amount paid for operating expenses (wages of foremen, sub-foremen, inspectors, shop clerks, tool keepers, grinders, the up-keep of tools and machines, lighting, etc.) is closely related and directly dependent upon the number of men employed on direct labor. Reduce the number of producing laborers and the operating expenses can be cut. Less supervision is required; the wear and tear on machinery and tools is less, etc.

DISTRIBUTION OF COST BY PER CENT. METHOD.

286. Accounting authorities have settled upon the Per Cent. Method as being the most accurate and at the same time, most simple. By means of a percentage, or rate, we are able to distribute the overhead cost, administration, operating expenses, etc., over any operation, or series of operations. Knowing the cost of material and direct labor, which are both easy to ascertain, we are able with the rate, based upon the cost of direct labor, to figure the overhead expense and get the exact cost. In other words, the cost of the output from, say, the Blacksmith Department would be the cost of the direct labor of the department, plus the material used, plus the operating expense of the department, plus its share of the general expenses of the whole plant. There is no estimating in any step of the work. We just figure the relation between productive labor and operating expenses, also between productive labor and administration expenses, and express the results as so many per cent. These percentages are the rates which are absolutely essential in cost accounting by the Per Cent. Method. No matter how many departments there are, using figures easily taken from business accounts, we simply get the percentage which shows the relation between the elements mentioned for each department. In the following example let the direct labor charge be $60, material $40, factory expenses figured at 25% of the direct labor and general expense 40% of the direct labor. Figuring this out we have the following:

Direct Labor	$60.00
Material	40.00
Factory Expense (25% D. L.)	15.00
Factory Cost	$115.00
General Expense (40% D. L.)	24.00
Manufacturing Cost	$139.00

ADVANTAGES OF PER CENT. METHOD.

287.

1. It is based on actual figures easily extracted from the regular books of account; figures which are a true statement of facts. There is no guessing or estimating.

2. The totals may be taken from the books for, say, the last year, six months, or three months, and from these we can easily figure the rate for the next three months, six months, or other period not longer than one year because what has been the average rate over a term of moderate length is practically sure to be the average over the next succeeding similar term under like conditions.

3. It can be used in any manufacturing plant, and in all the departments of the plant, thereby assuring uniformity. It will enable the manager to tell just what each department is doing.

4. The rate can be so easily figured at the end of each period, that changes in the rate will be made to keep pace with changed conditions.

5. It requires little work from the cost clerk.

6. It is so simple that a junior clerk can handle it for a large company, only a rudimental knowledge of Commercial Arithemetic being needed.

7. Figuring by percentage can be done rapidly.

8. The per cent. system is endorsed by the best accountants.

RATE CALCULATIONS.

288. In order to get the cost of direct labor the pay-roll should be divided into two parts productive or direct labor, and unproductive, or indirect labor. The latter is often referred to as part of the operating expenses.

289. **Productive Labor.** Wages paid to workmen for labor spent in producing things which are offered by the manufacturer for sale and from which the business derives its regular income, is properly classed as productive labor, or direct labor. The amount of productive labor is commensurate with, or in direct proportion to, the output.

290. **Non-Productive Labor.** All labor not distinctly productive as just outlined must be classed as non-productive, or indirect labor. This includes, foremen, sub-foremen, watchmen, the various factory clerks, the maintenance of their offices, repairs, renewals, tools, etc., and all the many expense-men not working on product, but necessary to keep the plant in repair and operation. Non-productive labor is necessary to keep the factory organization up to concert pitch but it does not directly regulate the quantity of the production.

291. **Periods for Figuring Rates.** As there is liable to be some item of extraordinary expense in any month, calculations made on conditions shown by one month's operations are liable to be found misleading but calculations made on results of operation, running over six months or more will give an average, setting forth quite accurately the true percentages of factory expense and general expense as compared to the cost of direct labor in a manufacturing plant's activities. However, in the work which the student is about to take up, we will, in order to facilitate and shorten the work, use one month's manufacturing as the basis for comparison. From this month's work we will secure results which will show us the rate of overhead expenses for the following period.

COST ACCOUNTING SET.

June 1st, 19—.

The boat building business of R. J. Bonsall and H. J. Fields, conducted at Alleghany Avenue and Delaware River, Philadelphia, under the firm name of Bonsall & Company, decided to incorporate under the name of Philadelphia Boat Building Company. The capitalization or Capital Stock, authorized by the charter secured under the laws of Pennsylvania, is $5000 (50 shares of $100 each). As the Pennsylvania statute, regulating the formation of corporations, stands. there must be at least three incorporators, one of whom must be a citizen of Pennsylvania. In order to get a charter in Pennsylvania, _____ was asked to sign the application for a charter, (Student's name) and become one of the shareholders. He agreed to become the third incorporator and to take ten shares of the Capital Stock at par.

Following is the Balance Sheet of the firm, Bonsall & Company. May 31, 19—.

ASSETS.			LIABILITIES.		
Cash in hand	$10		Accts. Payable.		
" " bank	300	$310.00	C. B. Coles & Sons, Inc. Camden, N. J.	$75.00	
Building (Delaware River and Allegheny Ave)		400.00	Theo. C. Ulmer, Richmond St. & E. Columbia Av. City	200.00	$275.00
Lot (at above mentioned location)		200.00	R. J. Bonsall's Stock Account		1215.67
Machinery (per inventory)		300.00	H. J. Field's Stock Account	1086.25	2301.92
Moulds and Patterns "		20.00			
Tools "		50.00			
Oil, Machine (20 gals. @ 50¢)		10.00			
Coal (8 tons @ $2.50)		20.00			
Mill Fixtures (per inventory)		50.00			
Office Fixtures " "		20.00			
Finished Product, 26 yacht tenders @ $20	$520.				
16 row boats @ $8	128.	648.00			
Hardware,					
100 lbs. Copper nails @ 15¢.	15.				
200 lbs. Galv. nails @ 5¢	10.				
48 prs. 7 ft. oars @ 75¢	36.				
48 prs. Brass oar locks @ 20¢	9.60				
48 prs. Galv. oar locks @ 9¢	4.32				
100 lbs. Miscl. @ 10¢	10.00	84.92			
Paints & Varnishes,					
100 lbs. White lead @ 7¢	7.00				
" " Putty @ 2¢	2.00				
50 gals. Linseed oil @ 70¢	35.00	44.00			
Lumber,					
400 ft. White oak @ 5¢	20.00				
1000 " Cypress @ 3¢	30.00				
1000 " White Cedar @ 8¢	80.00				
1000 " Red Cedar @ 6¢	60.00				
500 " ½ round, ½ Cedar Mahogany Moulding @ 3¢	15.00				
100 ft. Honduras Mahog. @ 15¢	15.00	220.00			
Good will		200.00			
		2576.92			2576.92

A. J. Bonsall received for his interest in the old business, twelve shares of stock, full-paid and cash for the balance.

H. J. Field received for his interest ten shares, full-paid and cash for the balance. The following Journal entry will adjust matters on the *new* books of the Company:—

Unissued Stock	1800	
Subscribers	3200	
R. J. Bonsall 12 shares	1200	
H. J. Field, 10 "	1000	
_____ 10 " (Student's name)	1000	
To Capital Stock		5000
A. J. Bonsall Stock %	1200	
H. J. Field " "	1000	
Subscribers		2200

Interests in the old business transferred to the corporation.

Pay R. J. Bonsall balance on his Present Worth over and above the stock issued to him, $15.67.

Pay H. J. Field, $86.25 for a like purpose. (Cash account should be credited with these amounts and their capital accounts charged. These cash payments, when posted, will close the old stock accounts of Bonsall and Field.

Receive $1000 from _____ as payment for stock issued to him.
(Student's name)

_____ is to draw a salary of $100 a month for managing the business. Bonsall and
(Student's name)
and Fields are interested in other ventures which consume their entire time.

Ask for a Stock Record form and keep in touch with stock consumed so as to buy new supplies and material just when needed.

The manufacturing of the company will be restricted for the time being, to building yacht tenders and row boats as the season is too far advanced to make any constracts for the delivery of larger craft this season. For the present season, the Manufacturing will be divided into two departments:—"Yacht Tender Department" and "Row Boat Department."

A pair of brass oar locks will be delivered with each yacht tender sold for cash; a galvanized pair with each row boat sold for cash.

MONDAY, JUNE 3rd.

Fill a shop order on stock, signed by Wm. Glenn, for the following items:—

Yacht Tender Dept.	Row Boat Dept.
150 ft. White oak,	50 ft. White oak,
400 " White cedar,	400 " Cypress,
200 " Red cedar,	200 " Red cedar,
200 L. ft. Mahogany moulding,	40 lbs. Galv. nails,
50 " " Honduras,	10 " Miscel. hdwe.,
20 lbs. Copper nails,	2 " Caulking cotton,
10 " Miscel. hdwe.,	4 " Putty,
2 " Caulking cotton,	5 " White lead,
1 gal. Spar varnish,	1 gal. Spar varnish,
5 lbs. White lead,	1 " Linseed oil.
1 gal. Linseed oil,	
4 lbs. Putty.	

Buy 2/10, N/30, from Theo. C. Ulmer,

10 gals. Spar varnish	@	$2.00
10 lbs. Tallow	@	.06
50 " Caulking cotton	@	.10

Write up the Stock Record daily.

Consign 12 Yacht tenders @ $40 each, to Gimbel Bros., City, to be sold on commission, on our account and risk.

Sell 1 Yacht tender complete @ $40 for cash, to Howard P. Wilson, Frankford.

Pay incorporation fee, $46.67; lawyer's fee, $10; freight on incoming goods, $1.18.

Pay telephone rental for one month—$4.50, postage $4, water rent $12, printing and stationery $6.

WED., JUNE 5.

Sell for cash to Dr. Swayne, 1 yacht tender complete @ $40. Consign to John Wanamaker, New York City, to be sold on our account and risk, 12 yacht tenders @ $40, 12 row boats @ $8, _____ draws on account of salary, $25. Pay insurance, one year, $30, taxes $9,
(Student's name)
ad. in Philadelphia Ledger, 6 weeks $24.

SAT., JUNE 8.

Receive weekly report from Wm. Glenn. Work completed: 4 Yacht tenders
12 Row boats.

Pay-roll, Direct labor, yacht tenders $34, row boats $16.
Indirect " " " $12, " " $10.

MON., JUNE 10.

Fill shop order signed by the foreman, Wm. Glenn,

Yacht Tender Dept.		Row Boat Dept.	
120 ft.	white oak	50 ft.	White oak
500 "	White cedar	450 "	Cypress
250 "	Red cedar	250 "	Red cedar
150 L. ft.	Mahogany moulding	6 lbs.	White lead
50 ft.	Honduras moulding	20 "	Galv. nails
6 lbs.	White lead	10 "	Miscel. hdwe.
40 "	Copper nails.	2 "	Caulking cotton
10 "	Miscel. Hdwe.	1 gal.	Spar varnish
1 lb.	Caulking cotton	1 "	Lindseed oil
1 gal.	Spar varnish		
1 "	Linseed Oil.		

Sell one row boat complete to Jas. Hully @ $15.

WED. JUNE 12.

Pay Theo. C. Ulmer's bill of 5/3, less 2% also the old balance due this firm.

THURS. JUNE 13.

Receive an Account Sales from Gimbel Bros., showing our Net proceeds to be $425—and their check for that amount.

FRI. JUNE 14.

Buy of C. B. Coles & Sons, Inc., 2/10 N/30
1500 ft. White oak @ .05
1000 " Cypress @ .03
1000 " White Cedar @ .08
600 L. ft. ½ round ½" Mahogany Moulding @ .03
200 ft. Honduras Mahogany Moulding @ .15
Paid cartage on the above $4.50, freight $8.50.

SAT. JUNE 15th.

Weekly report from foreman, work completed, Yacht tenders 5, row boats, 12.
Pay-roll, Direct labor,—tenders $42, boats, $25.50,
Indirect " " $12, " 10.00

MON. JUNE 17th.

Fill shop order of Wm. Glenn, foreman:

Yacht Tender Dept.
800 ft. White cedar.
250 " " oak.
100 " Red cedar.
300 L ft. Mahogany moulding
50 ft. " Honduras
40 lbs. Copper nails.
40 " Miscel. hdwe.
10 " White lead.
1 lb. Caulking cotton
3 gals. Spar varnish.
1 gal. Linseed oil.

WED. JUNE 19th.

Receive an account sales, from John Wanamaker, New York City, showing our net proceeds to be $500.40,— for tenders $420, for boats $80.40, Cashier's check for the amount is enclosed.
Sell for cash to Robert P. Smith, one yacht tender complete @ $40.
one row boat " @ 15.

THURS. JUNE 20th.

Buy 2/10 N/30 of Theo C. Ulmer, 200 lbs. Copper nails @ .15
200 " Galv. " @ .05
48 prs. " oar locks @ .09
48 " Brass locks @ .20
50 lbs. Miscel. hdwe. @ .10

_____ draws $5 for traveling done in the interests of the business. Pay
(Student's name.)
for repairs to building $12, machinery repairs $4. Bought for cash, one Stilson wrench, which was added to our stock of tools, $1.50.
Write up the stock record daily.

SAT. JUNE 22.

Pay-roll Direct labor, y. t. $72.50.
Indirect " " " $23.50
Foreman's weekly report. Work finished, 10 yacht tenders.

MON. JUNE 24.

Fill foreman Glenn's material requisition:

Yacht Tender Dept.	
120 ft.	White oak,
200 "	Red cedar.
150 L ft.	Mahogany Moulding
30 ft.	" Honduras
4 lbs.	White lead.
40 "	Copper nails.
10 "	Miscel. hdwe.
1 lb.	Caulking cotton.
1 gal.	Spar varnish
½ "	Linseed oil.

Row Boat Dept.	
30 ft.	White oak.
200 "	Red cedar
400 "	Cypress.
6 lbs.	White lead.
40 "	Galv. nails.
10 "	Miscel. hdwe.
1 lb.	Caulking cotton.
1 gal.	Spar varnish.
½ "	Linseed oil.

WED. JUNE 26.

Sell for cash yacht tenders complete at $40 each, to the following:—
A. B. Cartledge, Wm. Wolsencroft, Wm. Geiger, Dr. Pond, Dr. Drexler and Wm. Stead,

THURS. JUNE 27th.

Consign 24 row boats @ $8, to Gimbel Bros., City, to be sold on our account and risk.

FRI. JUNE 28.

Sell for cash 12 row boats complete @ $8 each, to John Greenlee, who has the rowing privilege at Willow Grove Park.
Pay 25¢ for telegram to R. J. Bonsall.

SAT. JUNE 29.

Foreman's weekly report. Work completed, 4 yacht tenders,—10 row boats.
Pay-roll Direct Labor, yacht tenders, $51.—row boats $22.—
Indirect " " " $12.—" " $10.—
Pay Theo. C. Ulmer's bill of 5/21, less discount.
Credit _____ with his salary for one month, $100.—
(Student's name)

SAT. JUNE 29.

Take a Trial Balance at this point. Figure and make a list of loss through depreciation at the rate of 1% on the book value of the following fixed assets:—building, machinery, moulds and patterns, tools, office fixtures and mill fixtures.

By examination it is found that 5 tons of coal and 12 gals. of machine oil are still on hand.

Consulting the stock record, the student will figure and make a list of the material used for the month for constructing yacht tenders, and a separate list of material used for row boat construction. Divide the amount used in each case by the number constructed to find the average material used for each boat.

Figure, and make a list of the loss on the various subdivisions of General Expense, for the month as follows:—

Executive's Salary, for 1 month	xxx.xx
Insurance, for 1 month or 1/12 yearly charge	x.xx
Water, for 1 month of 1/12 of the yearly charge	x.xx
Taxes, for 1 month or 1/12 of the yearly charge	x.xx
Legal, 1/12,–the figure being spread over the first year.	x.xx
Postage, figure paid during the month	x.xx
Freight, " " " " "	xx.xx
Depreciation, figure provided for above	xx.xx
Traveling Exp., " paid during the month	x.xx
Repairs and Maintenance, figure paid during the month.	xx.xx
Telegraph and Telephone " " " " " (1 mo. rent)	x.xx
Expressage, figure paid during the month	x.xx
Printing and Stationery, 1/6 of 6 months' supply, consumed	x.xx
Cartage, outlay for the month	x.xx
Advertising, 2/3 of figure paid for 6 weeks	x.xx
Coal, 3 tons @ $2.50, consumed during month	x.xx
Machine oil 4 gals. @ 50¢ consumed during month	x.xx
Total General Expense for June	xxx.xx

Next find the relation between "Direct Labor on Yacht Tenders" and "Indirect Labor" on the same, i. e., find what percentage Indirect Labor on Yacht Tenders is of the Direct Labor on Yacht Tenders. This rate will be useful to us in the future. Now find what percentage General Expense listed above is of the Direct Labor on Yacht Tenders. This rate will also be useful in the future, for instance; We have the figure of direct labor, which can always be taken from the books, and the amount of material consumed which is easily extracted from the Stock Record. Let us say,—

Direct Labor on 1 yacht tender is	$5.00
(Found by dividing the Direct Labor on Yacht Tenders account by number made during month.)	
Material in 1 yacht tender is.....(found above)	7.50
Indirect Labor (rate 40%) on. 1 yacht tender.....(" ")	2.00
Then the Factory cost is	14.50
General Expense (rate 25%) on 1 yacht tender is.....(found above)	1.25
Then the Manufacturing cost is	15.75

Therefore, during the next cost period, say, six months, it will only be necessary to know the cost of Direct Labor and Material. With the rates found we can get both the Factory Cost and the Manufacturing Cost.

What is the percentage of Indirect Labor on Yacht Tenders to the Direct Labor on Yacht Tenders?

What is the percentage of Indirect Labor on Row Boats to the Direct Labor on Row Boats?

What is the percentage of General Expense to the Direct Labor on Row Boats?

What is the percentage of General Expense to the Direct Labor on Yacht Tenders?

AUDITING.

292. **The Auditor's Qualifications.** Authorities unite in saying that an exhaustive knowledge of every department of bookkeeping is the very basis of the auditor's qualifications.

Next in importance is a thorough acquaintance with Commercial Law and general business customs, regulating the various undertakings in which the auditor may be concerned.

Added to the foregoing should be a substantial knowledge of the especial manner in which various particular businesses are conducted.

If the Auditor is working on a corporation report, his knowledge of business should be so wide that he knows not only what methods of figuring depreciation should be followed, but also what actual allowances are reasonable in each case. He must know, for instance in shoe manufacturing, what rate of depreciation to allow on the different sorts of shoe machinery. In the wholesale shoe business he must know what allowances to make for old stock on the shelves and for bad bills. In the retail shoe trade, again, he must know what valuations he should use for the stock and for bad and doubtful book accounts. His knowledge should include all the common trades, hardly any two of which are alike. He must see that allowances are made for terminable values, such as patents, leases, premiums on bonds, copyrights, etc. He must see that provision is made for debts due in the future, such as bonds, mortgages, accrued interest, rentals, etc. He must see that certain costs charged to capital are not too long carried there.

293. Auditing has come during recent years to rank as a profession, ranking equally high with law, medicine, engineering and the other professions. This is just, because it requires not only a high degree of intellectual equipment and training, but also a high sense of honor and responsibility. Every part of accounting from the merest clerical drudgery to the most shrewd financial engineering should be so familiar to the auditor that he can protect not only the ignorant against the shrewd, but both against themselves. It is no rare thing for an auditor to discover and disclose in commercial affairs, conditions of critical importance of which the proprietors and bookkeepers had no inkling.

Advantages of an audit.

294. (1) Placing before the Board of Directors and the public an accurate certified statement of the company's present condition along with the statement of profits and losses showing how this position has been arrived at is appreciated in no uncertain measure by the up-to-date manager. This certified statement of the business is of the greatest convenience in the event of the Directors wishing to sell the business, dissolve, or borrow money from a bank. When borrowing, the Balance Sheet is now almost always required as a basis for loans. The Reserve banks before rediscounting paper invariably demand a certificated balance sheet.

(2) Many banks require their customers and prospective borrowers to submit certified Balance Sheets. The American Bankers' Association is in favor of joint action by all banks, requiring certified statements from all borrowers. The time when certified Balance Sheets will be required is bound to come as business becomes more complex.

(3) The up-to-date purchaser of a business, now, requires a certified statement of assets and liabilities and profits before buying. It redounds to the benefit of both seller and buyer. The seller receives a better price, the certified statement being taken at its face value. The buyer is assured against loss, being aware that a Certified Public Accountant has prepared the statement.

(4) Periodical preparation of reliable statements cuts down the risk of partnership disputes with their accompanying annoyance and expense.

(5) While there are no recorded decisions of the higher courts in the United States bearing upon the liability of auditors for gross negligence, the law is very well settled in England that auditors are liable for gross negligence. Our courts would, in the absence of American decisions, follow the English decisions. This assures careful work on the part of auditors, which redounds to the benefit of American business men, and at the same time places a correspondingly higher value upon the services of the auditor, widening his field and increasing his clientele.

Instructions, or suggestions, for an audit.

295. (1) When commencing a new audit, obtain a list of all the books kept and of all the persons authorized to receive or pay money and to order goods.

(2) In the case of a corporation, examine the by-laws and board minutes, respecting the authorized receipt and payment of monies, the treatment of checks, notes, bond issues, etc.

(3) Note the general system of account keeping. How the correctness of payments is vouched for, or checked. Note whether checks are used generally, or not.

(4) Note if the accounts and vouchers have been systematically checked and certified by the client's clerks. Note any errors.

(5) Compare the cancelled checks with the Check Book stub, or Check Register and these with the cash payments. Compare a portion of the deposit items as entered in detail on Check Book stubs, or elsewhere, with the receipt side of the Cash Book to find out whether all items deposited have been properly entered in the Cash Book. Prove the reconcilation of the Check Book balance at the end of the period with the Bank Pass Book and see that the latter has been frequently balanced and examined. Secure direct confirmation of the bank balance at date of audit.

(6) Note any unusual or extraordinary payments or receipts.

(7) Note any unusual items concerning the payment of wages and cash.

(8) See that vouchers for all other payments are kept and produced.

(9) When the concern includes branch houses, look into the reports, made periodically to the head office, governing income, operation expense, etc.

(10) When examining the Purchase and Sales Books, see that they are properly entered up; that all the sales and purchases of each department have been reported; that the invoices are properly checked as to quantities and prices. Satisfy yourself that every liability of the year has been brought into the accounts.

(11) Check, or test, the posting in the Individual Ledgers from the Cash Book and a part of these Ledgers with all of the auxiliary books.

(12) Check all the posting in the Private or General Ledger.

(13) Examine and test the journalizing.

(14) Examine critically the Notes Receivable and Notes Payable Books; scrutinize all past due, renewed, and protested, commercial paper, making a list of same along with any collateral security.

(15) Examine the entries and transfers posted through the journal. Check the postings. The auditor is not held responsible for the details of classification, yet it is desirable that suggestions for improvement be made where needed, especially in relation to the division of charges between the capital and revenue accounts.

(16) Examine Mortgages and Bonds accounts.

(17) In reference to stock taking, see that all stock sheets are signed by heads of departments, and that totals of same are correctly carried forward to the general inventory. See that goods finished and in process are inventoried at cost price or at present market value if that is lower than cost.

(18) When checking the Profit and Loss account, see that the usual and proper deductions have been made for wear and tear and depreciation.

(19) See that no expenditure is capitalized without the authority of a responsible person.

(20) See that the proper distinction has been made between new construction and mere replacements.

(21) Ascertain the correctness of the cash balance, and of the promissory notes, acceptances and securities on hand. Note any items or memoranda carried as such.

(22) Use a separate Memoranda Book or sheet for each class of errors.

Directory

Abell, A. S. & Co., Calvert and Saratoga Sts.
Abel, Louis, 873 N. 6th St.
Adams, L. F., 762 Ridge Ave.
Adams, J. R. M., 324 Girard Ave.
Adams, John W, 1027 Vine St.
Albert, Francis, & Co., 1006 Arch St.
Alt, Caspar, 2041 N. Bodine St.
Anderson & Ireland, 111–115 Light St.
Andrae, Wm., 413 N. 4th St.
Andrews, L. J., Bethlehem, Md.
Armour & Co., P. D., Chicago, Ill.
Arnold & Company, 5th and Allegheny Ave.
Auginbaugh, D. C., & Son, 8th and Morris Sts.

Baily Bros. & Raub, Lancaster, Pa.
Baily, Jas., & Son, 301 Cambria St.
Bailey, J. C., Woodstock, Va.
Bailey, John T., 2040 N. 2nd St.
Baker & Co., Staunton, Va.
Baker, Fred., Fisher Hill, Va.
Baker, Geo. W., 300 N. 35th St.
Baldwin & Co., Philadelphia, Pa.
Baltimore Bargain House, Baltimore, Md.
Baltimore Drayage Co., Baltimore, Md.
Baltimore Machine Co., 111 S. Race St.
Baltimore Transfer Co., 109 E. Lombard St.
Baltimore Hdwe. Co., Baltimore, Md.
Baltimore Waste Co., Baltimore, Md.
Barbour, James & Son, Washington, D. C.
Barrett, J. B., 1903 S. 20th St.
Bates, Jas., 1430 Ridge Ave.
Bauserman, M. L., & Co., Harrisonburg, Va.
Beall, Jas., 1938 N. 23rd St.
Bear, Oscar, 148 Chew St.
Beall, Frank & Co., Hancock, Md.
Beck, Fred & Co., 725 N. 27th St.
Becker & Anderson, 1705 S. 7th St.
Bill & Sunderland, Ocean City, Md.
Bloom S. N. & Co., Hagerstown, Md.
Bowers, Geo., Martinsburg, W. Va.
Boyer & Co., 114 German St.
Bowman, J. H., Hanover, Pa.
Brady, Jas., 1721 Hunting Park Ave.
Bronson, J. M., 45 W. Chelten Ave.
Brooke, Chas. H., 1420 Locust St.
Brooke, Henry, 4th and Walnut Sts.
Brooks, Chas., 1307 Girard Ave.
Brown, Alfred, 1915 Orthodox St.
Brown Bros., Providence, R. I.
Brown, Geo., 617 Cherry St.
Brown, John & Sons, 19 S. 34th St.
Brown, Mary, 1324 Pine St.
Brown, Thos., 919 N. 42nd St.
Brown & Clark, 24th and Locust Sts.
Brown, Oliver, 1206 N. 47th St.
Bruce, O. J., 1440 Louden St.
Bryant & Clarvoe, 2801 N. Lee St.
Burriss, E. L., 1509 Tiogo St.
Burrows, Oscar, 740 Carpenter St.

Carver, John, 1307 Diamond St.
Carpenter, Thos., 2042 Chestnut St.
Carpenter, Thos. G., 822 S. 20th St.
Carter, Chas., Martinsburg, W. Va.
Cedar Rapids Furniture Co., Cedar Rapids, Iowa.
Central Pa. Supply Co., York, Pa.
Charlottesville Woolen Mills, Charlottesville, Va.
Chicago Stamping Co., Chicago.
Claflin Co., New York City, N. Y.
Clark, J. F., Salisbury, Md.
Cochrane, A. B. & Co., 515 Commerce St.
Cole, W. H. & Son, 918 Filbert St.
Cole, Wm. & Sons, 522 Commerce St.
Coles, C. B. & Sons, Inc., Front St. below Kaighn Ave.
Constantine, J. A., Sunbury, Pa.
Constantine, J. H., 1718 Vine St.
Consolidated Gas Co., 418 Main St.
Crabill, D. M., 3403 Baring St.
Craig, John, 87 Fairmount Ave.
Cranwell, Thos. G. & Co., 120 S. Delaware Ave.
Crawford Woolen Mill Co., 5215 Wissahickon Ave.
Crawford, Geo., 909 S. 47th St.
Cross, F. L., 810 Walnut St.
Crowl, Pearre E. & Co., 16 S. 5th St.
Crum, C. B., Meadow Mills, Va.

Cumberland Hdwe. Co., Cumberland, Md.
Cumberland Paper Co., Cumberland, Md.
Cushing & Co., 845 Walnut St.

Davidson F. H. & Co., Charlottesville, Va.
Davis, S. S., 8th & Porter Sts.
Davis Bros., 29th and Bristol Sts.
Dennison, Sarah, 5528 Greene St.
Dewy, Robt., 1432 Diamond St.
Diamond State Iron Co., Real Estate Trust Bldg.
Diffendall, Chas. & Co., Berwick, Pa.
Dill, Wm. H., 1422 S. 52nd St.
Dillon & Co., Columbia, Pa.
Disston's, Henry, Sons, Tacony, Pa.
Doan & Carter, 127 S. 4th St.
Doub, Louis P., 125 W. Mt. Airy St.
Double & Co., 1015 Columbia Ave.
Dulany, Wm. C., 918 Chestnut St.
Durant, L. B., 228 S. 19th St.

Ealdman & Co., Baltimore, Md.
Earp, Samuel H., Elkridge, Md.
Edmondson, J. A. & Son, 108 Hanover St.
Elder, Samuel, 508 E. Allegheny Ave.
Elliott Bros., 3rd and Chestnut Sts.
Emmert, Samuel, Concord, N. C.
Emerson, J. R., Hdwe. Co., Frederick, Md.
Enterprise Furniture Co., 452 N. Howard St.
Evans, Geo., 1032 Walnut St.
Excelsior Mfg. Co., 203 Quarry St.

Finch, Thomas, & Son, 22 S. 52nd St.
Fore, Jefferson D., 142 N. 11th St.
Forman, Ezekiel, 2665 E. Huntingdon St.
Fosnot, H. J., York, Pa.
Frames, Jas. P. & Son, 1825 Tiogo St.
Frantz, J. N., Hancock, Va.
Frazier & Bishop, Martinsburg, W. Va.
Friday, J. B., & Co., Danville, Va.
Friedenwald Co., 1313 Cherry St.

Gable, John, Williamsport, Pa.
Gallup, W. A., 310 E. Somerset St.
Gambrill, C. A., Mgf. Co., 14 E. German St., Baltimore, Md.
Gilbert Bros., Baltimore, Md.
Gilpin, Langdon & Co., 393 Spruce St.
Gilpin, Wm. C., Duncannon, Pa.
Gimbell Bros., Phila., Pa.
Glassman, John, Hagerstown, Md.
Globe-Wernicke Co., 1018 Chestnut St., Phila.
Gold Bros., 323 W. Saratoga St.
Goodwin, James, 4713 Cedar Ave.
Goodwin, Thos. F., Glyndon, Md.
Gray & Straight, 51st & Ogden St.
Green, A. H., 1018 Pine St.
Grove, F. C., Stephenson, Va.
Guthbert, L. R., 8 N. 13th St.

Halderman, J. D., Kernstown, Va.
Hall, Headington & Co., Charles and Lexington Sts.
Hall, Atkinson & Co., 35th and Queen Lane, Phila.
Haltman, Frank, 1713 Pine St.
Hance Bros. & Wight, 623 Callowhill St.
Handley, Albert, 436 N. Broad St.
Harris, John, 5420 N. 12th St., Phila.
Harris, Mrs. John, 917 Diamond St.
Harrison, Thos., Lake View, Md.
Hartwell Furniture Co., Cincinnati, Ohio.
Hayes & Nurff, Atlanta, Ga.
Hauser, Paul, 271 S. 12th St.
Hazard, John, Shepherdstown, W. Va.
Henderson, Green & Co., 842 Germantown Ave., Phila.
Henderson & Latham, 839 Market St.
Heckerman & Son., 4915 Lancaster Ave., Phila.
Hensell, David, C., 1333 N. 33rd St., Phila.
Higgs Commission Co., Chicago, Ill.
Hight, Samuel, Front Royal, Va.
Himmel & Co., 1702 Market St.
Hopkins, John, Oil Co., 54 N. 13th St.
Howell, Jas. R., 5508 N. Fairhill St., Phila.
Hottle & Smith, Alexandria, Va.
Housel, J. L., 5218 Master St.
Hurth, John & Co., 1800 Ridge Ave.
Hurst, J. E., & Co., Denckla Bldg., Phila.

Independent Ice Co.
International Creditors Association, St. Louis, Mo.

Jackson, James, 727 Walnut St., Phila., Pa.
Jackson, Wm., 217 E. Baltimore St., Baltimore, Md.

Jarrett, J. P., Strasburg, Va.
Jenkins, F., Hillensburg, N. C.
Johnson, F. W., 400 N. 53rd St., Phila., Pa.
Johnson, L. W., Baltimore, Md.
Jones, Edward, 5009 Hazel Ave.
Jones, Frank, 1518 Harrison St., Phila., Pa.
Jones, Harry, 1310 N. 52nd St., Phila., Pa.
Jones, John, 710 S. 13th St.
Jones, Robinson & Co., Brunswick, Md.
Jones, Robt., Columbia, S. C.
Jones, Samuel, 173 Maplewood Ave., Phila., Pa.
Jordan Stabler & Co., 318 N. Charles St.

Katz Bros., 729 Sansom St., Phila., Pa.
Keidel, Henry Co., 234 Commerce St.
Keller, Geo., Winchester, Va.
Kennedy, Samuel, Cherry Run, Md.
Keystone Hdwe. Co., Bedford, Pa.
Kreamer, C. P., 2614 Van Dyke St., Phila., Pa.

Lake, James, 6037 Carpenter St., Phila., Pa.
Lange, John, 4230 N. 8th St., Phila., Pa.
Lea, William, & Sons, 434 Walnut St., Phila., Pa.
Lampe, Christian, Frederick, Md.
Lewis, Albert, 1817 Columbia Ave., Phila, Pa.
Lindamuth & Co., Emmitsburg, Md.
Long, John J., Emmitsburg, Md.
Lower, James, 318 N. 41st St.
Long, R. A., Beadford, S. C.
Lyons, J. W., 1004 Arch St., Phila., Pa.

McClung, S. B., Upper Tract, W. Va.
McGaw & Co., 906 S. 21st St., Baltimore, Md.
McGee, W. A., Hanover, Pa.
McKay Engineering Co., 604 Arch St.
McVeigh, J. H. & Co., 243 E. Cambria St.
Maloney & Carter, Charlotte, N. C.
Mann Axe Co., Lewistown, Pa.
Marriott, Telfair W., 8 S. 40th St.
Marshall Field & Co., Chicago, Ill.
Marshall, James, 415 Locust St.
Marshall, Wescoat & Co., Columbia, S. C.
Maryland Fire Insurance Co., Baltimore, Md.
Maryland Telephone Co., Lexington, Corner Courtland St.
Maynadier & Co., 144 N. Howard St.
Maryland Hinge Co., Baltimore, Md.
Maryland Milling Co., Hagerstown, Md.
Maynard, Daniel L., 528 N. 18th St.
Meadows, L. N., 10th and Green Sts.
Meyers, Frank, 100 Chestnut St., Phila., Pa.
Miles Hdwe. Co., 1213 Filbert St., Phila., Pa.
Miller, Daniel & Co., Baltimore, Md.
Miller Hardware Co., Atlanta, Ga.
Miller & Hartman, Lancaster, Pa.
Miller Supply Co., Winchester, Va.
Miller & Davis, 2066 Ridge Ave., Phila., Pa.
Miller & Shower, 217 N. 3rd St.
Miller Safe & Lock Co., Baltimore, Md.
Miller & Son, 5300 Westminster Ave., Phila., Pa.
Mitchell, Addison G., 918 Walnut St.
Mitchell, Charles F., 382 S. 15th St.
Morgan, J. P., 504 Chestnut St.
Moore, Jos. W. & Co., 1629 S. 20th St.
Murdock Commission Co., Boston, Mass.
Murphy, George, 2650 Bridge St., Phila., Pa.
Murphy, P., 329 S. 3rd St.
Muth Bros. & Co., Baltimore, Md.
Myers, C. P., 7th and Reed Sts., Phila., Pa.

National Biscuit Co., 1301 Glenwood Ave.
National Drug Co., 4677 Stenton Ave.
National Machine Co., 1323 Arch St.
National Paper Co., New York City.
National Tool & Stamping Co., Harrisburg, Pa.
Nicodemus, N. A., Edgemont, Md.
New England Cutlery Co., New Haven, Conn.
Nogood & Bro., Creditville, Pa.
Norwood, J. F., 1722 Green St.

Oldershaw & Son, 1018 W. York St.
O'Rear, W. A., Clear Brook, Va.
Ortel, Wm., 1523 Snyder Ave.

Palmer, Edward L., & Co., Baltimore, Md.
Parker, W. J., & Co., 514 Commerce St.
Parsons & Co., 761 N. 25th St.
Parsons Paper Co., Holyoke, Mass.
Parsons, Mrs. T. W., 4654 Penn Ave.
Pearson, J. F., & Co., Baltimore, Md.
Perfection Mattress Co., 1930 Market St., Phila.
Pilson, A. O., 5105 Ridge Ave.
Pitcher, C. S., & Co., Newton, N. C.
Poltz, R. P., 2765 N. 26th St.

Powell, John D., 4634 Oakland St.
Purcell, Jos. L., 2646 S. 17th St.
Pursey, C. C., & Co., Richmond, Va.
Pughsley, Frank, 314 W. Franklin St.

Radcliffe, S. J., & Son, Ellicott City, Md.
Ramsburg & Co., Frederick, Md.
Reed, J. B., 2034 Locust St.
Reese, Percy M., 1115 N. Charles St.
Reily Bros. & Raub., 740 S. 20th St.
Reitz Bros., 416 W. Lexington St.
Reist, Frank, York, Pa.
Ridgeway, C. P., Ridgeway, W. Va.
Riley, W. F., 1819 N. 26th St.
Rivers Furniture Co., 612 Market St.
Robinson, D. A., Brucetown, Va.
Robinson, James & Co., Vineland, N. J.
Robinson, Oliver P., 541 S. 52nd St.
Roderick, C. N., 2420 N. 6th St.
Rose, Robert, 412 S. 50th St.
Ross, Robert, 31st and Morris St.
Rosenberg, J., 420 Market St.
Roth, George, 325 S. 52nd St.
Russell, John W., 3547 Germantown Ave.

Sanders, M., 1423 West St.
Sampson, S. T., Richville, Pa.
Saum, Charles, 1404 S. 3rd St.
Schmeilt, M. B., 849 N. 10th St.
Schmidt, Henry, 226 N. 7th St.
Schoenewolf & Co., 406 Commerce St.
Schriver, Bentley & Co., 206 W. German St.
Sears, Charles, 1728 N. 19th St.
Seigel, D. & Co., Easton, Md.
Sellers, John, 710 Sansom St.
Sharpe & Dohme, 510 Arch St., Phila.
Shackman & Loewy, 113 York St.
Sherman, Walter L., 158 Dauphin St.
Shull, E. C., Columbia, S. C.
Silberman & Todes, 1222 N. Mascher St.
Singer, John D., 16th and Brown St.
Sloan, Frank B., 421 Arch St.
Sloan, Frank N., & Co., Baltimore, Md.
Smith, J. P., 1734 S. 4th St.
Smith Bros. & Co., 3268 Joy St.
Smith, F. M., 905 Walnut St.
Smith, Dixon & Co., Baltimore, Md.
Smith, Z. L., Bluefield, W. Va.
Snare & Miley, 15th and Louden St.
Snyder & Co., 350 W. Mulberry St.
Standard Oil Co., Phila., Pa.
Starrell, C. A., & Co., Chicago, Ill.
Steiner, Edw., & Co., Hagerstown, Md.
Stevenson & Harmanson, 1134 Girard Ave.
Stewart, Henry A., 272 N. 23d St.
Stewart, Wm., 2566 E. Norris St.
Stickley Milling Co., 612 Chestnut St.
Stinson, Edw. & Co., 940 Race St.
Stone, R. W., 149 N. 9th St.
Stotlemeyer, James, 1614 W. Erie Ave.
Stotlemeyer, John D., 54th and Race St.
Studebaker Mfg. Co., South Bend, Ind.

Terrill, G. H., 519 E. Washington Lane.
Tielman, Otto & Son, Columbus, S. C.
Thomas, George P., 1144 Huntingdon St.
Thomas, J. D., 705 N. 2nd St.
Traverse, Robt. E., 6013 Market St.
Trout, W. W. & Co., Norfolk, W. Va.
Turnbull & Norris, 1512 Chestnut St.
Turner & Son, Betterton, Md.
Turner, Spencer J., New York.

Ulmer, Theodore C., Richmond Street and E. Columbia Ave.
Union Hardware Co., Union, S. C.

Vulcan Iron Works, Steelton, Pa.

Wagner & Johnson, Charleston, S. C.
Wagner, F. W. & Co., Raleigh, N. C.
Wagner, Willis & Co., 427 Chestnut St.
Walburn, C., & Co., Charleston, S. C.
Wall, W. W., Winchester, Va.
Walters, Samuel L., 520 N. 18th St.
Wanamaker, John, Phila., Pa.
Waream, J. S., 1011 Chestnut St.
Washburn Flour Mills Co., Minneapolis, Minn.
West, W. S., 411 Walnut St.
West, Robt., 1013 S. 17th St.
Weston Paper Co., Davis, W. Va.
Wilcox Hdwe. & Iron Co., Gettysburg, Pa.
Williams & Wilkins Co., 2419 Greenmount Ave.
Williamson Creamery Co., Williamson, Pa.

Wilson, A., Bethesda, Md.
Wilson, Chas., Emmittsburg, Md.
Wilson Furniture Co., 1925 Arch St.
Wilson, Howard P., Frankford, Pa.
Wilson, William, 1517 N. 56th St.
Winkleman Brown Drug Co., Pittsburgh, Pa.
Woolson Spice Co., Toledo, O.
World Publishing Co., 208 N. Calvert St.
Wright, Samuel, 719 S. 58th St.
Wyeth Bros., 11th and Washington Ave., Phila.

Yakel, Geo. & Co., Charleston, S. C.
Yearley, Alex., & Co., 338 W. Logan St.
Young Bros., Danville, Va.
Young, H. O., 105 Walnut St.

Zimmerman, T. E., & Co., 2501 N. 33d St.

Index

	PAGE	ARTICLE
Acceptance	92	76
Acceptance, Trade	93	
Account Sales	198	231
Account Sales, Illustration	199	
Account, Sales on	114	110
Account with Attorney	136	162
Accounts, arrangement in Ledger	113	104
Accounts, Controlling	167	190–196
Accounts Payable account	168	195
Accounts Receivable account	167	190–194
Advances to Consignor	198	226
Advertising account	71	60
Arrangement of accounts in Ledger	113	104
Assets,		
Available	232	278
Deferred	234	279
Fixed	232	277
Attorney, account with	136	162
Audit, advantages of	244	294
Auditing	244	292–295
Audit, Suggestions for	245	295
Auditor, Qualifications for	244	292
Automobile account	26	37
Auxiliary books	113	103
Available Assets	232	278
Balance Sheet	72	69
Illustration	73	
Balance Sheets	232	275–281
Illustration	233	
Bank Account, How to Open	19	18
Bank Account in Ledger	174	197
Bank Balance, Reconciliation of	21	20
Bank Book Balance	21	20
Bank Drafts	18	16
Basis of Cost Accounting	236	285
Bill Book as Book of Original Entry	168	196
Bill Book	96	97
Illustration	98–101	
Bills or Invoices	33	44
Bills Payable account	95	88–89
When to Debit	96	92
When to Credit	95	90–91
When the First Entry Should Be in the Journal	96	93
When the First Entry Should Be in the Cash Book	96	94

	PAGE	ARTICLE
Bills Payable account, Illustration	106	
Bills Payable and Bills Receivable, How to Distinguish	92	77
Bills Receivable account	94–95	80–87
When the First Entry Should Be in the Journal	96	93
When the First Entry Should Be in the Cash Book	96	94
Bills Receivable account, Illustration	106	
Bills Receivable account		
Instructions for studying illustration	97	99
Bills Receivable account	94	80–87
When to Debit	94	82–83
When to Credit	94	84–85
Bonus Stock	212	242
Bookkeeping, Double Entry, Rules for	29	39–40
Books, Classification of Books	113	100
Of Original Entry	113	101
Of Subsequent Entry	113	102
Auxiliary	113	103
Books, How to Open	55	50
Opening Journal Entry Illustrated	59	
Books, How to Close	69	54–68
Capital Stock account	210	236–246
Capital Stock Increased	211	239
Capital Stock, Paid for in Installments	211	240
Sold below Par	212	241
Cash,		
What is cash	5	7
How to find amount on hand	5	8
Daily Proof of	14	13
Excess	14	13
Deficiency	14	13
Drawn on account by employes	136	160
Account with, in the Ledger	136	163
Cash Account,		
When to Debit and When to Credit	5	4
Usual Explanations	5	6
Cash Book, Petty	131	134
Cash Book, Three-column	118	115–119
Illustration	120–121	
Cash Discount or Merchandise Discount	114	109
Cash Discount on Purchases account	131	135–137
Cash Discount on Sales account	132	142
Certified Public Accountants	213	249
Changing from Single Entry to Double Entry	194	215–216
Checks	16	14
Checks, Writing of	22	21
Check Book Stub Records	21	19
Classification of Books	113	100

	PAGE	ARTICLE
Closing Books	70	56–68
Illustration of Journal Closing Entries	75	
How Often Done	72	67
Collateral note	89	71
Collections, Importance of	36	47
How to Make	36	47
Columnar Books	118	114
Columnar Cash Book	118	115–119
Illustration	148	165–178
Commission Account	198	232
Commission Bookkeeping	196	218–235
Common Stock	212	243
Consignments	197	222–234
Consignment Ledger	197	224
Controlling Accounts	167	190–196
Corporation Bookkeeping	210–215	236–265
Correction of Errors	32	43
Cost Accounting	236	282–291
Cost Accounting, Rate Calculations	237	288–281
Cost by Per Cent Method	236	282–287
Creditors' Ledger	167	189
Customers' Ledger	167	189
Daily Proof of Cash	14	13
Day Book or Journal, use of	31	42
Deferred Assets	234	279
Deficiency	234	280
Deposit Ticket	19	18
Directory	246	
Discount, Trade	157	181–184
Cash	114	109
Merchandise	114	109
Bank		
On Sales	132	142
On Purchases	131	135–137
Dividend Account	214	256
Dividend Book	215	265
Donated Stock	213	250–252
Double Entry, Advantages of	194	214
Double Entry Bookkeeping, Rules for	29	39–40
Drafts	17	
Sight	18	15
Bank	18	16
Time	92	76
Parties to	17	15
Presentation of	92	76
Acceptance of	92	76
Protest of	92	76

	PAGE	ARTICLE
Illustration	18–93	
Entries for	94	78
Endorsement		
In full	22	24
In blank	22	23
Endorsements	22	22–27
Erasing	32	43
Errors, How to Correct	32	43
Errors in Trial Balance, How to Find	54	49
Exercises		
Number 1	7	
" 2	9	
" 3	12	
" 4	13	
" 5	38	
" 6	51	
" 7	52	
" 8	57	
" 9	58	
" 10	58	
" 11	58	
" 12	67	
" 13	83	
" 14	85	
" 15	86	
" 16	102	
" 17	107	
" 18	109	
Expense Account,		
Closing of	70	58
Illustration of Journal Closing Entry	75	
Illustration of Expense Account Closed	78	
Expense Account	27	38
When to Debit and When to Credit	27	38
Illustration	46	
Express Money Orders	18	17
Fire Insurance	134	153–159
Fire Insurance		
Description of Property Insured	134	154
Transfer of	134	155–156
Inventory for use in event of loss	135	157
Fixed Assets	232	277
Freight and Drayage Advanced by Commission Merchants	197	225–230
Freight and Express Account	71	60
Freight, Inward Account	131	135–139
Freight, Outward Account	131	135–144

	PAGE	ARTICLE
General Ledger	167	189
Good will		246–247
Illustrations, How to Study	37	48
Index, Convenient Forms	114	107
Indexing Ledger	113	105
Insurance, Carried by Commiss on Merchants	198	228
Insurance, Fire	134	153–159
Interest Account	71	60
Interest and Discount	96	98
When to Debit	96	98
When to Credit	96	98
Interest on Notes	89	72
Interest, Inventories	182	198
Inventories, Interest	182	198
Invoice Book	127	128–131
Invoices or Bills	323	44
Joint and Several Note	89	71
Journalizing	31	42
Journal or Day Book, use of	31	42
Illustrations	42	
Journal, Three-column	118	120
Journal, Four-column	118	121
Illustration	123	
Judgment Note	89	71
Leases	134	152
Ledger	134	152
General	167	189
Private	167	189
Customers'	167	189
Sales	167	189
Purchase	167	189
Creditors'	167	189
Ledger, Illustration	45	
Ledger Index, Convenient Forms	114	107
Ledger, Indexing of	113	105
Liabilities	55	50
Liabilities	234	281
Loss and Gain Account	69	55
Illustration of	82	
Closing of	71	62–64
Lost Accounts and Notes Account	136	161
Machinery Account	158	187
Machinery Maintenance Account	158	187
Manufacturing	219	270–272